



Lauri DeChaine
UNDERWRITING MANAGER

AMERICAN MOTORISTS INSURANCE COMPANY(AMICO)

**KEMPER PREMIER BUSINESSOWNERS SPECIAL POLICY DECLARATIONS
FOR ARCHITECTURE AND ENGINEERING FIRMS**

COMMISSION PERCENTAGE
15.0 \$4,854.00

NAME CODE HIGG
DIRECT BILL
POLICY NUMBER:
7RS 668 450-02

1. NAMED INSURED AND MAILING ADDRESS:

KEITH B. HIGGINS & ASSOCIATES, INC.
DBA: HIGGINS ASSOCIATES
1335 1ST ST

GILROY CA 95020

2. THE NAMED INSURED IS: CORPORATION

3. POLICY PERIOD: FROM 11/20/02 TO 11/20/03
12:01 A.M. Standard Time at your mailing address above.

PRIOR POLICY NUMBER: 7RS 668 450-01

4. IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**5. POLICY FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION:**

BP7000 (ED. 07-99) KEMPER PREMIER BUSINESSOWNERS SPECIAL POLICY
BP7104 (ED. 07-99) KEMPER PREMIER BUSINESSOWNERS
SPECIAL PROPERTY COVERAGE FORM
BP7108 (ED. 07-99) BUSINESSOWNERS LIABILITY COVERAGE FORM
BP7110 (ED. 07-99) BUSINESSOWNERS COMMON POLICY CONDITIONS
BP7800 (ED. 07-89) AMENDATORY ENDORSEMENT 1

PARAGRAPH 5 CONTINUED ON NEXT PAGE

6. PREMIUM FOR THE POLICY: \$ 4,854.00

TOTAL AMOUNT DUE FOR THE POLICY: \$ 4,854.00

PRODUCER INFORMATION:

PROFESSIONAL PRACTICE INS
10 CALIFORNIA ST
BROKERS
REDWOOD CITY CA 94063
52-2526 650-369-5900

COUNTERSIGNATURE:

Date:

POLICY FORMS AND ENDORSEMENTS ATTACHED AT INCEPTION: (CONTINUED)

BP7434 (ED. 07-99) KEMPER PREMIER PROPERTY ENDORSEMENT FOR
ARCHITECTURE AND ENGINEERING FIRMS
BP7348 (ED. 02-02) CALIFORNIA CHANGES
BP7704 (ED. 06-01) EXTRA EXPENSE - AMENDED DEFINITION
IL7025 (ED. 08-97) CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

DECLARATIONS (CONTINUED)**POLICY NO. 7RS 668 450-02****DESIGNATED PREMISES, BUSINESS OF NAMED INSURED AT DESIGNATED PREMISES AND COVERAGES APPLICABLE THERETO:****PREM. 001 BLDG. 001**

1335 1ST ST

GILROY

SANTA CLARA

CA 95020

OFFICES - ARCHITECTURE AND ENGINEERING

PROPERTY COVERAGES**DEDUCTIBLE (Where Applicable)**

\$ 500

BUILDING

NOT COVERED

LIMIT OF INSURANCE

AUTOMATIC INCREASE

.0% (ON A PRO RATA BASIS DURING THE POLICY TERM).

BUSINESS PERSONAL PROPERTY

LIMIT OF INSURANCE

\$ 254,200

AUTOMATIC INCREASE

4.0% (ON A PRO RATA BASIS DURING THE POLICY TERM).

EQUIPMENT BREAKDOWN**INCLUDED****BUSINESS INCOME AND EXTRA EXPENSE**

ACTUAL LOSS SUSTAINED

NOT EXCEEDING 12 CONSECUTIVE MONTHS

SCHEDULE OF COVERAGE EXTENSIONS FOR PREMISES AS DESIGNATED ABOVE.

| COVERAGE EXTENSIONS | LIMIT OF INSURANCE | |
|---|---|----------------------|
| MONEY AND SECURITIES | \$ 20,000 | INSIDE THE PREMISES |
| | \$ 10,000 | OUTSIDE THE PREMISES |
| ACCOUNTS RECEIVABLE | \$ 100,000 | |
| VALUABLE PAPERS & SOFTWARE PROGRAMS | \$ 100,000 | |
| ORDINANCE OR LAW | \$ 100,000 | |
| WATER DAMAGE | \$ 254,200 | |
| FINE ARTS | \$ 50,000 | |
| UTILITY SERVICES | ACTUAL LOSS SUSTAINED NOT EXCEEDING 12 CONSECUTIVE MONTHS | |
| BUSINESS INCOME FROM DEPENDENT PROPERTIES | ACTUAL LOSS SUSTAINED NOT EXCEEDING 12 CONSECUTIVE MONTHS | |

SCHEDULE OF OPTIONAL COVERAGES FOR PREMISES AS DESIGNATED ABOVE.

| OPTIONAL COVERAGES | LIMIT OF INSURANCE |
|--|--------------------|
| KEMPER PREMIER ENDORSEMENT FOR ARCHITECTURE AND ENGINEERING FIRMS | |

DECLARATIONS (CONTINUED)

POLICY NO. 7RS 668 450-02

MORTGAGEE

LOSS PAYEE OR LENDER'S LOSS PAYABLE

Name and Address

Description of Property

Form Applicable

DECLARATIONS (CONTINUED)**POLICY NO. 7RS 668 450-02****DESIGNATED PREMISES, BUSINESS OF NAMED INSURED AT DESIGNATED PREMISES AND COVERAGES APPLICABLE THERETO:****PREM. 002 BLDG. 001**

1329 1ST ST

GILROY

SANTA CLARA

CA 95020

OFFICES - ARCHITECTURE AND ENGINEERING

PROPERTY COVERAGES**DEDUCTIBLE (Where Applicable)**

\$ 500

BUILDING

NOT COVERED

LIMIT OF INSURANCE**AUTOMATIC INCREASE**

.0% (ON A PRO RATA BASIS DURING THE POLICY TERM).

BUSINESS PERSONAL PROPERTY**LIMIT OF INSURANCE**

\$ 254,200

AUTOMATIC INCREASE

4.0% (ON A PRO RATA BASIS DURING THE POLICY TERM).

EQUIPMENT BREAKDOWN**INCLUDED****BUSINESS INCOME AND EXTRA EXPENSE****ACTUAL LOSS SUSTAINED****NOT EXCEEDING 12 CONSECUTIVE MONTHS****SCHEDULE OF COVERAGE EXTENSIONS FOR PREMISES AS DESIGNATED ABOVE.**

| COVERAGE EXTENSIONS | LIMIT OF INSURANCE |
|--|--|
| MONEY AND SECURITIES | \$ 20,000 INSIDE THE PREMISES |
| | \$ 10,000 OUTSIDE THE PREMISES |
| ACCOUNTS RECEIVABLE | \$ 100,000 |
| VALUABLE PAPERS & SOFTWARE PROGRAMS | \$ 100,000 |
| ORDINANCE OR LAW | \$ 100,000 |
| WATER DAMAGE | \$ 254,200 |
| FINE ARTS | \$ 50,000 |
| UTILITY SERVICES | ACTUAL LOSS SUSTAINED NOT |
| | EXCEEDING 12 CONSECUTIVE MONTHS |
| BUSINESS INCOME FROM DEPENDENT PROPERTIES | ACTUAL LOSS SUSTAINED NOT |
| | EXCEEDING 12 CONSECUTIVE MONTHS |

SCHEDULE OF OPTIONAL COVERAGES FOR PREMISES AS DESIGNATED ABOVE.

| OPTIONAL COVERAGES | LIMIT OF INSURANCE |
|---|---------------------------|
| KEMPER PREMIER ENDORSEMENT | |
| FOR ARCHITECTURE AND ENGINEERING FIRMS | |

DECLARATIONS (CONTINUED)

POLICY NO. 7RS 668 450-02

MORTGAGEE

LOSS PAYEE OR LENDER'S LOSS PAYABLE

Name and Address

Description of Property

Form Applicable

DECLARATIONS (CONTINUED)

POLICY NO. 7RS 668 450-02

DESIGNATED PREMISES, BUSINESS OF NAMED INSURED AT DESIGNATED PREMISES AND COVERAGES APPLICABLE THERETO:**PREM. 003 BLDG. 001**

1300 B FIRST STREET
 GILROY SANTA CLARA CA 95020
 OFFICES - ARCHITECTURE AND ENGINEERING

PROPERTY COVERAGES

DEDUCTIBLE (Where Applicable) \$ 500
BUILDING NOT COVERED
LIMIT OF INSURANCE

AUTOMATIC INCREASE .0% (ON A PRO RATA BASIS DURING THE POLICY TERM).

BUSINESS PERSONAL PROPERTY

LIMIT OF INSURANCE \$ 104,000
AUTOMATIC INCREASE 4.0% (ON A PRO RATA BASIS DURING THE POLICY TERM).

EQUIPMENT BREAKDOWN INCLUDED

BUSINESS INCOME AND EXTRA EXPENSE ACTUAL LOSS SUSTAINED
 NOT EXCEEDING 12 CONSECUTIVE MONTHS

SCHEDULE OF COVERAGE EXTENSIONS FOR PREMISES AS DESIGNATED ABOVE.

| COVERAGE EXTENSIONS | LIMIT OF INSURANCE |
|--|--|
| MONEY AND SECURITIES | \$ 20,000 INSIDE THE PREMISES |
| | \$ 10,000 OUTSIDE THE PREMISES |
| ACCOUNTS RECEIVABLE | \$ 100,000 |
| VALUABLE PAPERS & SOFTWARE PROGRAMS | \$ 100,000 |
| ORDINANCE OR LAW | \$ 100,000 |
| WATER DAMAGE | \$ 104,000 |
| FINE ARTS | \$ 50,000 |
| UTILITY SERVICES | ACTUAL LOSS SUSTAINED NOT EXCEEDING 12 CONSECUTIVE MONTHS |
| BUSINESS INCOME FROM DEPENDENT PROPERTIES | ACTUAL LOSS SUSTAINED NOT EXCEEDING 12 CONSECUTIVE MONTHS |

SCHEDULE OF OPTIONAL COVERAGES FOR PREMISES AS DESIGNATED ABOVE.

| OPTIONAL COVERAGES | LIMIT OF INSURANCE |
|--|--------------------|
| KEMPER PREMIER ENDORSEMENT FOR ARCHITECTURE AND ENGINEERING FIRMS | |

DECLARATIONS (CONTINUED)

POLICY NO. 7RS 668 450-02

MORTGAGEE

LOSS PAYEE OR LENDER'S LOSS PAYABLE

Name and Address

Description of Property

Form Applicable

DECLARATIONS (CONTINUED)**POLICY NO. 7RS 668 450-02**

THE POLICY INCLUDES THE FOLLOWING COVERAGE EXTENSIONS FOR THE POLICY DESIGNATED ABOVE.

| COVERAGE EXTENSIONS | LIMIT OF INSURANCE |
|--|---------------------------|
| BUSINESS PERSONAL PROPERTY OFF PREMISES | \$ 25,000 |
| EMPLOYEE DISHONESTY | \$ 75,000 |
| EMPLOYEE DISHONESTY ERISA | \$ 250,000 |
| FORGERY AND ALTERATION | \$ 10,000 |
| MONEY ORDERS AND COUNTERFEIT CURRENCY | \$ 10,000 |

BUSINESS LIABILITY COVERAGE AND MEDICAL EXPENSES COVERAGE

Except for Fire Legal Liability, each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period.

BUSINESS LIABILITY AND MEDICAL EXPENSES

| | |
|--|---|
| LIMIT OF INSURANCE | \$ 1,000,000 ANY ONE OCCURRENCE |
| | \$ 10,000 PER PERSON MEDICAL EXPENSES |
| GENERAL AGGREGATE LIMIT (OTHER THAN PRODUCTS -- COMPLETED OPERATIONS) | \$ 2,000,000 |
| PRODUCTS -- COMPLETED OPERATIONS AGGREGATE | \$ 2,000,000 |
| FIRE LEGAL LIABILITY | |
| LIMIT OF INSURANCE | \$ 500,000 ANY ONE FIRE, LIGHTNING, SPRINKLER LEAKAGE, OR EXPLOSION |

SCHEDULE OF OPTIONAL COVERAGES FOR THE POLICY AS DESIGNATED ABOVE.

| OPTIONAL COVERAGES | LIMIT OF INSURANCE |
|---------------------------|---------------------------|
|---------------------------|---------------------------|



BOILER INSPECTIONS

PLEASE READ THE IMPORTANT INFORMATION BELOW
ABOUT YOUR BOILER AND MACHINERY COVERAGE.

Thank you for purchasing your Businessowners policy through Kemper Insurance Companies! **IF BOILER IS INDICATED ON YOUR POLICY DECLARATIONS, BOILER AND MACHINERY COVERAGE IS A PART OF YOUR POLICY.** An important benefit you receive from this coverage is operating certificate inspections for your boilers and pressure vessels.

Most states, and many counties and cities, have laws that require operating certificates for certain types of boilers and pressure vessels. In order to obtain these certificates, the boiler or pressure vessel must have a physical inspection. In most jurisdictions we can make these inspections if we provide the Boiler and Machinery insurance. We provide this service at NO ADDITIONAL COST to our policyholders. You will still need to pay the certificate fee to the appropriate state, county, or local authority.

IF YOU OWN OR OPERATE BOILERS OR PRESSURE VESSELS THAT NEED OPERATING CERTIFICATES AND YOU WANT US TO DO THE INSPECTION, PLEASE DO THE FOLLOWING.

Review your operating certificates and at least 90 days before they expire, call the number below, or complete the form on the reverse side of this notice and fax it to us. At a later date, one of our loss control representatives will contact you to set up a time for the inspection. Our representative will also explain any requirements you need to complete before the inspection, such as taking the boiler or pressure vessel out of service.

Call us toll free at: 1-800-437-2540, Monday through Friday, between the hours of 8:00 AM and 4:00 PM CST. Ask for the Boiler and Machinery Loss Control Consultant. Before calling please make sure you have all of the information requested by the form on the next page of this notice.

The following cities will not accept insurance company inspections. You must contact the appropriate authority to get the necessary inspection completed.

Chicago, Denver, Detroit, Miami, St. Louis, and Tulsa

Many jurisdictions require that the first inspection for new equipment be completed by their inspector. There may be other situations where a jurisdiction will require an inspection that we cannot complete. Our loss control representatives can explain these situations to you.

If an inspection is made by a jurisdictional inspector they may charge an inspection fee in addition to a certificate fee. You will need to pay both of these fees to the jurisdictional authority.

Please feel free to call the above number with any questions you may have.

Thank you again for your business!



Request for Boiler or Pressure Vessel Operating Certificate Inspection

Date: _____

Named Insured*: _____

Policy Number*: _____

Policy Period*: From*: _____ To*: _____

Location of Equipment:

Street: _____

City: _____ State: _____ Zip Code: _____

Name to Call to
Schedule Inspection: _____ Telephone
Number: (____) - ____ - ____

Type of Equipment Requiring Inspection**: _____

Identification Number**: _____

Date Current Certificate Expires**: _____

Comments: _____

Signed: _____

Position: _____ Telephone Number: (____) - ____ - ____

Please Fax Toll Free to: 1-800-873-4789, Kemper Insurance Companies, Attn: Boiler and Machinery Loss Control Consultant, 1 Kemper Drive, Long Grove, Illinois 60049-0001

If you have any questions about completing this form, please call toll free at: 1-800-437-2540, Monday through Friday, 8:00 AM, to 4:00 PM, CST

* This information may be obtained from the Declarations Page of your Businessowners policy.

** This information may be obtained from your current operating certificate.

Third
Fold
Here

LOSS CONTROL SERVICES POLICYHOLDER NOTICE

Dear Policyholder,

We share your safety and health concerns. We realize accidents, injuries and property damage suffered by your employees and company are costly. When such costs increase, expenses increase for both our companies in the form of higher operating costs. These costs are also reflected in your insurance premiums.

Improved Safety And Health Practices Benefit All

When accidents, injuries and incidents of property damage are prevented your employees, your company, and your insurance carrier all benefit. That's why Kemper offers a number of risk management services to help you in your loss control efforts. We offer our insureds:

- a) Risk Management guidelines
- b) Consultation on specific loss control related problems
- c) Analysis of loss experience
- d) Training programs in safety management techniques
- e) Industrial hygiene and occupational health services
- f) Recommendations for control of hazards and unsafe activities

Second
Fold
Here

In California, services required to address workplace hazards and exposures in accordance with workers compensation coverages are offered at no additional cost. We offer our insureds:

Workers compensation insurance policyholders may register comments about the insurer's loss control consultation services by writing to:

State of California
Department of Industrial Relations
Division of Occupational Safety and Health
P.O. Box 420603
San Francisco, CA 94142

Designed To Help Our Policyholders

Kemper offers policyholders several loss control publications at no charge. *NATLScope* is our quarterly loss control newsletter. It provides information on pertinent topics that can be used to support your loss control efforts. "*Profit by Loss Control*" is a series of pamphlets developed with the loss control needs of smaller businesses in mind.

Send For Your Free Loss Control Publications, Today!

If you would like to receive either or both of these publications, please fill out this form, fold as marked, tape along flap, add postage and mail. You can also use the form to request assistance from a loss control professional on a specific problem.

First
Fold
Here

Turn To Kemper For A Progressive Approach To Loss Control

| | Yes | No |
|--|-------|-------|
| I would like to receive a copy of the NATLScope loss control newsletter. | _____ | _____ |
| I would like to receive the introduction to "Profit by Loss Control." | _____ | _____ |
| I would like assistance for specific loss control problem(s). | _____ | _____ |

Type of Problem(s) _____

Firm Name _____

Address _____ City _____ State _____ Zip _____

Person to Contact _____ Tel. No. _____

Number of Employees _____ Type of Business _____

Policy # _____ Expiration Date _____

Place
Stamp
Here

KEMPER INSURANCE COMPANIES
NATLSCO LOSS CONTROL SERVICES
SERVICE DESK
ONE KEMPER DRIVE
LONG GROVE IL 60049-0001



KEMPER PREMIER BUSINESSOWNERS SPECIAL POLICY

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BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. -- PROPERTY DEFINITIONS.

Any disputes as to the ordinary or common meaning of the words or phrases not defined in the Businessowners Special Property Coverage Form will be resolved using the definition(s) provided for those words in the most recently published version of Webster's Unabridged Dictionary on the most recent of the Businessowners Special Property Coverage Form's inception date or anniversary date.

A. COVERAGES

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this policy, means the type of property as described in this Section, A.1., and limited in A.4., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- 1) Completed additions;
- 2) Permanently installed:
 - a) Machinery; and
 - b) Equipment;
- 3) Your personal property in apartments or rooms furnished by you as landlord;
- 4) Fixtures, including outdoor fixtures;
- 5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

- a) Fire extinguishing equipment;
- b) Outdoor furniture;
- c) Floor coverings; and
- d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

6) If not covered by other insurance:

- a) Additions under construction, alterations and repairs to the buildings or structures;
- b) Materials, equipment, supplies and temporary structures on or within 1,000 feet of the premises described in the Declarations, used for making additions, alterations or repairs to the buildings or structures;
- c) Radio or television antennae or satellite dishes including:
 - i. Lead-in wiring and masts;
 - ii. Guy wires;
 - iii. Above and below ground foundations;
 - iv. Any other property that is permanently attached to such structures.

- b. **Business Personal Property** located in or on the buildings at the premises described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the premises described in the Declarations, including:

- 1) Property you own that is used in your business;
- 2) Property of others that is in your care, custody or control; but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others;
- 3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - a) Made a part of the building or structure you occupy but do not own; and
 - b) You made or acquired at your expense but cannot legally remove; and
 - c) For which you are legally liable under a written contract.
- 4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under paragraph A.1.b. 2).
- 5) **Electronic Data Processing Equipment and Media**, meaning data processing or word processing systems and software you own, or that is owned by others and is in your care, custody or control.
 - a) This Coverage includes:
 - i. Equipment, component parts and related peripheral equipment such as cables and modems;
 - ii. Media such as punch cards, tapes, discs, drums, cells or other magnetic recording or

storage devices including the information stored on the media;

- iii. Software programs and documentation used to operate the systems; and

iv. Telephone systems.

- b) For purposes of Electronic Data Processing Equipment and Media, Section B. -- EXCLUSIONS, is amended as follows:

i. Paragraph 1.d., Power Failure, does not apply.

ii. Paragraphs 2.b., 2.c., 2.g., 2.h., 2.i., and 2.j.3) through 2.j.6) do not apply.

- c) For purposes of electronic data processing equipment and media, coverage applies at premises described in the Declarations, in the open, in the course of transit, or temporarily at a premises you do not own, lease or operate.

2. Equipment Breakdown

- a. We will pay for loss caused by the following Causes of Loss:
- 1) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.
 - 2) Mechanical breakdown, including rupture or bursting caused by centrifugal force.
 - 3) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control.
 - 4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such boilers or equipment.

- 5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

b. Expediting Expenses

With respect to your damaged covered property, we will pay, up to \$10,000, the reasonable extra cost to:

- 1) Make temporary repairs; and
- 2) Expedite permanent repairs or replacement.

c. In addition to the Limitations and Exclusions applicable to property coverage, we will not pay under this Coverage for loss or damage:

- 1) To any machine or apparatus used for medical research, medical diagnosis, medication, surgical, therapeutic, dental or pathological purpose; or
- 2) From spoilage or refrigerant contamination.

d. Jurisdictional Inspections

If any boiler, pressure vessel, refrigeration or air conditioning system requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

e. Suspension

Whenever a boiler, pressure vessel, refrigeration or air conditioning system, piping, mechanical or electrical machine or apparatus is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance provided by this coverage for that item. This can be done by delivering or mailing a written notice of suspension to:

- 1) Your last known address; or
- 2) The address where the item is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

f. Coverage Limitation

The following Coverage Limitation applies only to loss or damage caused by or resulting from 2.a. 1) through 2.a. 5) above:

Hazardous Substances

We will pay for the costs, not to exceed \$25,000, to repair or replace covered property because of contamination by a hazardous substance. This includes the expenses to clean up or dispose of such property. **Hazardous Substance** means any substance other than ammonia that has been declared by a government agency to be hazardous to health.

Costs, in this Limitation, means those expenses beyond what would have been required had no hazardous substance been involved.

This limit is part of and not in addition to the Limits of Insurance for covered property.

3. Business Income and Extra Expense

Unless coverage for Business Income and Extra Expense is indicated in the Declarations as not being covered, the following coverage applies:

a. Business Income

- 1) We will pay for the actual loss of business income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

We will only pay for loss of business income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

Loss of business income must be caused by direct physical loss or damage at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

Business Income means the:

- a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
 - b) Continuing normal operating expenses incurred, including payroll.
- 2) Extended Business Income. If the necessary suspension of your "operations" produces a business income loss payable under this policy, we will pay for the actual loss of business income you incur during the period that:
- a) Begins on the date property (except finished stock) is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - b) Ends on the earlier of:
 - i. The date you could restore your "operations" with reasonable speed, to the condition that would have existed if no direct physical loss or damage had occurred; or
 - ii. 30 consecutive days after the date determined in a) above.

b. Extra Expense

- 1) We will pay necessary extra expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from a Covered Cause of Loss.
- 2) **Extra Expense** means expense incurred:
 - a) To avoid or minimize the suspension of business and to continue "operations":
 - i. At the premises described in the Declarations; or
 - ii. At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
 - b) To minimize the suspension of business if you cannot continue "operations."
 - c) i. To repair or replace any property; or
 - ii. To research, replace or restore the lost information on damaged "valuable papers and records"; to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage or Coverage 3.a., Business Income.

We will only pay for extra expense that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. This coverage is not subject to the Limits of Insurance.

c. Utility Services Coverage

We will also pay for loss of Business Income and Extra Expense you incur due to interruption of utility services to the described premises.

- 1) The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises:
 - a) **Water Supply Services**, meaning pumping stations and water mains supplying water to the described premises.
 - b) **Communication Supply Services**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as;
 - i. Communication transmission lines, including optic fiber transmission lines;
 - ii. Coaxial cables; or
 - iii. Microwave radio relays except satellites.
 - c) **Power Supply Services**, meaning utility generating plants, switching stations, substations, transformers and transmission lines supplying electricity, steam or gas to the described premises.
- 2) The most we will pay for any loss under this coverage is \$10,000 or the limit indicated in the Declarations, whichever is greater.

- 3) We will only pay for loss you sustain after the first twenty-four hours following the direct physical loss or damage to the utility services to which this coverage applies.

d. Business Income From Dependent Properties

- 1) We will pay for the actual loss of business income you sustain, during the "period of restoration" due to direct physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.
- 2) We will reduce the amount of your:
 - a) Business income loss other than extra expense, to the extent that you can resume "operations," in whole or in part, by using any other available:
 - i. Source of materials; or
 - ii. Outlet for your products.
 - b) Extra expense loss to the extent you can resume "operations," or do not resume "operations" to normal and discontinue such extra expense.
- 3) If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- 4) **Dependent Property** means property operated by others whom you depend on to;
 - a) Deliver materials or services to you, or others for your account. This does not mean water, communication or power supply services;
 - b) Accept your products or services;

c) Attract customers to your business; or

d) Manufacture products for delivery to your customers under contract of sale.

5) Period of Restoration with Respect to Dependent Property, means the period of time that:

- a) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property, and
- b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."

6) The most we will pay for any loss under this coverage is \$10,000, or the limit indicated in the Declarations, whichever is greater.

7) The expiration date of this policy will not reduce the "period of restoration."

e. Civil Authority

We will pay for the actual loss of business income you sustain and necessary extra expense caused by action of civil authority that prohibits access to the premises described in the Declarations due to direct physical loss of or damage to property, other than at the premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

This coverage will apply for a period of up to 30 consecutive days from the date of that action.

The definitions of business income and extra expense contained in the Business Income and Extra Expense Coverage also apply to this Civil Authority Coverage. The Civil Authority Coverage is not subject to the Limits of Insurance.

4. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. Contraband, or property in the course of illegal transportation or trade;
- c. Land (including land on which the property is located), water, growing crops or lawns;
- d. Outdoor fences, trees, shrubs or plants, all except as provided in the Coverage Extension;
- e. Watercraft (including motors, equipment and accessories) while afloat; or
- f. "Money" and "securities" except as provided in the Coverage Extensions.

5. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS are Covered Causes of Loss unless the loss is:

- a. Excluded in Section B. -- EXCLUSIONS; or
- b. Limited in paragraph A.6., Limitations that follow.

6. Limitations

- a. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:

- 1) Glass that is part of the interior or exterior of a building or structure;
 - 2) Containers of property held for sale; or
 - 3) Photographic or scientific instrument lenses.
- b. For loss or damage by "theft," the following types of property are covered only up to the limits shown:
- 1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - 2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$250 or less per item.
 - 3) \$2,500 for patterns, dies, molds and forms.
 - 4) \$250 for stamps, lottery tickets held for sale, and letters of credit.

c. Pets and animals are covered only:

- 1) If they are killed, or their destruction is made necessary because of loss or damage caused by any of the "specified causes of loss"; or
- 2) For loss or damage by "theft,"

provided loss or damage occurs while they are inside the building described in the Declarations and such pets and animals are owned by others and boarded by you, or owned by you and held for sale or sold but not delivered.

7. Additional Coverages

a. Customers' Goods On Premises

We will pay for direct physical loss or damage to Customers' Goods On Premises caused by or resulting from a Covered Cause of Loss, without regard to legal liability, provided that the customers' goods are:

- 1) In your care, custody or control; and
- 2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the premises described in the Declarations.

However, payment for loss of or damage to customers' goods will be to the owner of the property.

The most we will pay for loss or damage in any one occurrence for Customers' Goods On Premises is \$10,000.

b. Debris Removal

We will pay your expense to remove debris of covered property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

- 1) The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
 - a) The date of direct physical loss or damage; or
 - b) The end of the policy period.
- 2) The most we will pay under this Additional Coverage is 25% of:
 - a) The amount we pay for the direct physical loss of or damage to covered property; plus
 - b) The deductible in this policy applicable to that loss or damage.
- 3) But if:
 - a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b) The debris removal expense exceeds the amount payable under the 25% Debris Removal Coverage Limitation above;

then we will pay up to an additional \$10,000 for each location in any one occurrence under this Debris Removal Additional Coverage.

4) This Additional Coverage does not apply to costs to:

- a) Extract "pollutants" from land or water; or**
- b) Remove, restore or replace polluted land or water.**

c. Preservation of Property

If it is necessary to move covered property from the premises described in the Declarations to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:

- 1) While it is being moved or while temporarily stored at another location; and**
- 2) Only if the loss or damage occurs within 45 days after the property is first moved.**

d. Fire Department Service Charge

When the fire department is called to save or protect covered property from a Covered Cause of Loss, we will pay up to \$15,000 for your liability for fire department service charges:

- 1) Assumed by contract or agreement prior to loss; or**
- 2) Required by local ordinance.**

e. Collapse

- 1) We will pay for direct physical loss of or damage to covered property, caused by collapse of a building insured under this policy, if the collapse is caused by one or more of the following:**

- a) The "specified cause of loss" or breakage of building glass, all only as insured against in this policy;**

- b) Hidden decay;**
- c) Hidden insect or vermin damage;**
- d) Weight of people or personal property;**
- e) Weight of rain that collects on a roof;**
- f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in e. 1) a) through e. 1) e), we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation contributes to the collapse.**

- 2) If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to covered property caused by the collapse of personal property only if:**

- a) The personal property which collapses is inside a building insured under this policy; and**
- b) The collapse was caused by a cause of loss listed in e. 1) a) through e. 1) f) above.**

- 3) With respect to the following property:**

- a) Awnings;**
- b) Gutters and downspouts;**
- c) Yard fixtures;**
- d) Outdoor swimming pools;**
- e) Piers, wharves and docks;**

- f) Beach or diving platforms or appurtenances;
- g) Retaining walls; and
- h) Walks, roadways and other paved surfaces;

we will pay for direct physical loss of or damage to covered property if the collapse is caused by a cause of loss listed in e. 1) b) through e. 1) f), we will pay for loss or damage to that property only if such loss or damage is a direct result of the collapse of a building insured under this policy and the property is covered property under this policy.

- 4) Collapse does not include settling, cracking, shrinkage, bulging or expansion.

f. Water Damage, Other Liquids, Powder or Molten Material Damage

If loss or damage caused by or resulting from a covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- 1) Results in discharge of any substance from an automatic fire protection system; or
- 2) Is directly caused by freezing.

g. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water at the premises described in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during

the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- 1) The date of direct physical loss or damage; or
- 2) The end of the policy period.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

h. Arson Reward

We will pay a reward of \$10,000 for information leading to an arson conviction in connection with a covered fire or explosion loss. This is the most we will pay for any one occurrence under this policy or any combination of policies.

The amount payable under this Additional Coverage is in addition to the Limits of Insurance.

i. Theft Damage to Building

This Additional Coverage applies only to premises where you are a tenant and are responsible in the lease for such damage.

We will pay for loss or damage directly resulting from "theft," burglary or robbery (except loss by fire or explosion) to a building:

- 1) You occupy, including personal property that is used to maintain or service the building; or
- 2) Containing covered personal property if you are legally liable for such loss or damage.

But we will not pay for such loss or damage to:

- 3) Property that is away from the described premises; or

- 4) Glass (other than building blocks) or to glass lettering or ornamentation.

j. Signs

We will pay for loss to signs, wherever located in the Coverage Territory. Coverage applies to signs:

- 1) Owned or rented by you; or
- 2) Owned by others but in which you have a financial interest.

8. Coverage Extensions

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as provided below.

Extension 8.c. applies only to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the premises described in the Declarations.

a. Newly Acquired or Constructed Property

The insurance under this Extension will be in addition to the applicable building or Business Personal Property Limits of Insurance.

- 1) You may extend the insurance that applies to Buildings to apply to:
 - a) Your new building or building additions while being built on the premises described in the Declarations; and
 - b) Buildings you acquire at locations, other than the premises described in the Declarations, intended for:
 - i. Use similar to that of the building described in the Declarations; or
 - ii. Use as a warehouse for your Covered Property.

The most we will pay for loss or damage under this Extension is \$500,000 at each location.

- 2) You may extend the insurance that applies to Business Personal Property to apply to that property at any location you acquire, or for your newly acquired electronic data processing equipment and media, at a premises described in the Declarations.

The most we will pay for loss or damage under this Extension is \$250,000 at each location or premises.

- 3) You may extend the insurance that applies to business income and extra expense to apply to newly acquired or constructed locations.

The most we will pay under this Extension is \$50,000.

- 4) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- a) This policy expires;
- b) 90 days after you acquire or begin to construct the property; or
- c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Property Off Premises

- 1) You may extend the insurance that applies to Buildings to apply to that property while removed from the premises described in the Declarations for the purposes of cleaning, repairing, reconstruction, or restoration.

The most we will pay for loss or damage in any one occurrence under this extension is \$5,000.

- 2) You may extend the insurance that applies to Business Personal Property to apply to such property, other than "money" and "securities" while:

- a) In the course of transit and more than 1,000 feet from the described premises. Property must be in or on, but not permanently attached or installed in, a motor vehicle you own, lease or operate while between points in the Coverage Territory;
- b) Temporarily at your home or at a premises you do not own, lease or operate;
- c) Temporarily on display to the public at fairs or exhibitions on premises not owned, leased or operated by the Named Insured; or
- d) Such property is in the care, custody or control of your salesperson, sales agents, or yourself while acting as a salesperson.

The most we will pay under this Extension is \$15,000 or the Limit of Insurance shown for Business Personal Property Off Premises in the Declarations, whichever is greater.

c. Glass

The following provision applies to direct physical loss of or damage to all glass, including all lettering, ornamentation, and alarm tape located at the premises described in the Declarations:

- 1) Owned by you; or
- 2) Owned by others but in your care, custody or control.

We will also pay for necessary:

- 1) Expenses incurred to put up temporary plates or board up openings;

- 2) Repair or replacement of encasing frames; and
- 3) Expenses incurred to remove or replace obstructions.

d. Personal Effects

You may extend the insurance that applies to your Business Personal Property to apply to physical loss of or damage to personal effects owned by you, your officers, your partners, or your employees. The most we will pay for a loss or damage by a Covered Cause of Loss under this Coverage Extension is \$2,500 at each described premises.

e. Outdoor Property

You may extend the insurance provided by this policy to apply to direct physical loss of or damage to your outdoor fences, trees, shrubs and plants including debris removal expenses. The most we will pay for loss or damage by a Covered Cause of Loss is \$10,000 at each premises described in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

We will not pay for loss or damage to outdoor fences, trees, shrubs and plants resulting from the following causes of loss: windstorm or hail; vehicle; vandalism; or disease.

f. Valuable Papers and Records -- Cost of Research; Software Programs and Documentation -- Cost to Recreate

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, recreate, replace, redevelop or restore the information on lost or damaged "valuable papers and records" and/or software programs and documentation for which duplicates do not exist. The most we will pay under this Coverage Extension is \$15,000 or the limit shown in the Declarations, whichever is greater, at each described premises, while in transit, or temporarily at your home or at a premises you do not own, lease or operate.

g. Money and Securities

- 1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the premises described in the Declarations, or in transit between any of these places, resulting directly from "theft."
- 2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
 - a) Resulting from accounting or arithmetical errors or omissions;
 - b) Due to the giving or surrendering of property in any exchange or purchase; or
 - c) Of property contained in any money-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- 3) The most we will pay for loss in any one occurrence is:
 - a) The limit shown in the Declarations for inside the premises for "money" and "securities" while:
 - i. In or on the premises described in the Declarations; or
 - ii. Within a bank or savings institution.
 - b) The limit shown in the Declarations for outside the premises for "money" and "securities" while anywhere else.

4) All loss:

- a) Caused by one or more persons; or
- b) Involving a single act or series of related acts

is considered one occurrence.

- 5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

h. Money Orders and Counterfeit Paper Currency

You may extend the insurance provided by this policy to apply to:

- 1) The acceptance in good faith, in exchange for merchandise, "money" or services, of any post office or express money order, issued or claiming to have been issued by any post office or express company, if the money order is not paid upon presentation, or
- 2) The acceptance in good faith in the regular course of business of counterfeit United States or Canadian paper currency.

The most we will pay for any loss is \$10,000.

i. Forgery and Alteration

- 1) You may extend the insurance provided by this policy to apply to loss resulting directly from forgery or alteration of, on or in any check, draft, promissory note, or similar written promise, order or direction to pay a sum certain in "money," made or drawn by or drawn upon you, or made or drawn by one acting as your agent or claiming to have been so made or drawn, other than you or your employees.
- 2) If you are sued for refusing to pay the check, draft, promissory note, or similar written promise, order or

direction to pay a sum certain in "money," on the grounds that it has been forged or altered, and you have our written consent to defend against the suit, we will pay any reasonable legal expenses that you incur in that defense. The amount we will pay for these legal expenses will be a part of and not in addition to the Limit of Insurance applicable to the Forgery and Alteration Coverage.

The most we will pay for any loss is \$10,000.

j. Garages, Storage Buildings and Other Appurtenant Structures

You may extend the insurance that applies to Building to apply to garages, storage buildings and other appurtenant structures, except outdoor fixtures, at the premises described in the Declarations.

The most we will pay for loss or damage under this Extension is 10% of the Limits of Insurance for Building shown in the Declarations but not more than \$50,000 at each premises described in the Declarations.

k. Accounts Receivable

1) You may extend the insurance provided by this policy to apply to:

- a) All amounts due from your customers that you are unable to collect;
- b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- d) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage to your records of accounts receivable at the premises described in the Declarations, while in transit, or temporarily at your home or at a premises you do not own, lease or operate.

2) Paragraph A.5., Covered Causes of Loss and Section B. -- EXCLUSIONS, do not apply to this Coverage Extension except for:

- a) Paragraph B.1.b., Governmental Action;
- b) Paragraph B.1.c., Nuclear Hazard; and
- c) Paragraph B.1.e., War and Military Action.

3) Additional Exclusions

We will not pay for loss of or damage caused by or resulting from:

- a) Dishonest or criminal acts by you or anyone else with an interest in the property, any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - i. Acting alone or in collusion with others; or
 - ii. Whether or not occurring during the hours of employment.

This exclusion does not apply to a carrier for hire and acts of destruction by your employees; but "theft" by employees is not covered.

- b) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money," "securities," or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding of "money," "securities," or other property.

- c) Bookkeeping, accounting or billing errors or omission.
- d) Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - i. Programming errors or faulty machine instructions; or
 - ii. Faulty installation or maintenance of data processing equipment or component parts;

But we will pay for direct loss or damage caused by lightning.

- e) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretenses.
 - f) Unauthorized instructions to transfer property to any person or to any place.
- 4) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

The most we will pay for any loss under this Coverage Extension is \$25,000, or the limit indicated in the Declarations, whichever is greater.

I. Ordinance or Law

- 1) If a Covered Cause of Loss occurs to covered building property, we will pay for loss or damage caused by enforcement of any law that:
 - a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

- b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the premises described in the Declarations; and

- c) Is in force at the time of loss.

2) Coverages

- a) Coverage A -- Coverage for loss to the undamaged portion of the building.

We will pay under Coverage A for the loss to the undamaged portion of the building as a consequence of enforcement of any building ordinance, zoning or land use or law.

Coverage A is included within the Limit of Insurance shown in the Declarations as applicable to the Building property.

- b) Coverage B -- Demolition Cost Coverage

We will pay under Coverage B for the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, ordinance, zoning or land use law.

- c) Coverage C -- Increased Cost of Construction Coverage

We will pay under Coverage C for the increased cost to repair, rebuild or reconstruct the property caused by enforcement of building ordinance, zoning or land use law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use law.

- d) Combined Limit of Insurance for Coverage B -- Demolition Cost Coverage and Coverage C -- Increased Cost of Construction Coverage

Coverages B and C are additional insurance. We will pay up to \$100,000, or the limit indicated in the Declarations, whichever is greater, for all loss under Coverages B and C combined. This limit for this additional insurance is the most we will pay in any one occurrence, regardless of the number of buildings damaged or destroyed.

- e) Coverage D -- Ordinance or Law -- Increased Period of Restoration

We will pay for the actual loss of Business Income and Extra Expense you sustain solely because the building ordinance, zoning or land use law was enforced.

We will only pay for loss of Business Income and Extra Expense you sustain during the increased "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3) Exclusions

- a) We will not pay under this Coverage Extension for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."
- b) We will not pay for increased construction costs under this Coverage Extension:

- i. Until the property is actually repaired or replaced, at the same premises or elsewhere; and

- ii. Unless the repairs or replacements are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.

- c) We will not pay for loss due to any ordinance or law that:

- i. You were required to comply with before the loss, even if the building was undamaged; and

- ii. You failed to comply with.

4) Loss Payment

We will not pay more:

- a) If the property is repaired or replaced on the same premises, than the amount you actually spend to:

- i. Demolish and clear the site; and

- ii. Repair, rebuild or construct the property but not for more than property of the same height, floor area and style on the same premises.

- b) If the property is not repaired or replaced on the same premises, than:

- i. The amount you actually spend to demolish and clear the site of described premises, and

- ii. The cost to replace, on the same premises, the damaged or destroyed property with other property:

- i) Of comparable material and quality;
- ii) Of the same height, floor area and style; and
- iii) Used for the same purpose.

m. Fire Extinguisher Recharge

You may extend the insurance provided by this policy to apply to expenses incurred in recharging any fire extinguisher used to combat a fire on your premises or on adjoining premises.

The most we will pay under this Extension is \$5,000 in any one occurrence.

n. Inventory and Appraisal

You may extend the insurance provided by this policy to apply to the expense you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

The most we will pay for preparation of claim data under this Coverage Extension is \$5,000. We will not pay for any expenses billed by and payable to insurance adjusters or expenses from public adjusters and loss consultants.

o. Lock and Key Replacement

We will pay the cost of:

- 1) Premises entry key replacement, if keys are stolen; or
- 2) Premises entry lock repair or replacement made necessary by "theft" or attempted "theft" at the described premises.

The most we will pay for any loss under this Coverage Extension is \$1,000.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of

any other cause or event that contributes concurrently or in any sequence to the loss.

a. Earth Movement

- 1) Any earth movement (other than "sinkhole collapse"), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.
- 2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a) Airborne volcanic blast or airborne shock waves;
- b) Ash, dust or particulate matter; or
- c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to the Covered Property.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

c. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

d. Power Failure

The failure of power or other utility service supplied to the premises described in the Declarations, however caused, if the failure occurs away from the premises described in the Declarations.

But if failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

e. War and Military Action

- 1) War, including undeclared or civil war;
- 2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- 3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

f. Water

- 1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;
- 2) Mudslide or mudflow;
- 3) Water that backs up from a sewer, drain or sump; or

- 4) Water under the ground surface pressing on, or flowing or seeping through:

- a) Foundations, walls, floors or paved surfaces;
- b) Basements, whether paved or not; or
- c) Doors, windows or other openings.

But if water, as described in B.1.f. 1) through 4), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. **Consequential Losses:** Delay, loss of use or loss of market.

- b. **Smoke, Vapor, Gas:** Smoke, vapor or gas from agricultural smudging or industrial "operations."

- c. **Frozen Plumbing:** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- 1) You do your best to maintain heat in the building or structure; or
- 2) You drain the equipment and shut off the supply if the heat is not maintained.

- d. **Dishonesty:** Dishonest or criminal acts by you or anyone else with an interest in the property, any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- 1) Acting alone or in collusion with others; or
- 2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but "theft" by employees is not covered.

- e. **False Pretense:** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- f. **Disappearance:** We won't cover loss of property that is missing where the only evidence of the loss is shortage disclosed on taking inventory or other instances where there is no physical evidence to show what happened to the property. This exclusion does not apply to "money" and "securities."

The transfer of property to a person or to a place outside the described premises on the basis of unauthorized instructions. This exclusion does not apply to loss or damage from employee "theft."

- g. **Exposed Property:** Rain, snow, ice or sleet to personal property in the open.
- h. **Collapse:** Collapse, except as provided in the Additional Coverage for collapse. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- i. **Pollution:** We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss," we will pay for the loss or damage caused by that "specified cause of loss."
- j. **Maintenance Types of Loss:**
 - 1) Wear and tear;
 - 2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

- 3) Smog;
- 4) Settling, cracking, shrinking or expansion;
- 5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- 6) The following causes of loss to personal property:
 - a) Dampness or dryness of atmosphere;
 - b) Changes in or extremes of temperature; or
 - c) Marring or scratching.

But if an excluded cause of loss that is listed in B. 2. j. 1) through 6) results in a "specified cause of loss," building glass breakage, or Equipment Breakdown as provided under Coverage A.2. a., we will pay for the loss or damage caused by that "specified cause of loss," building glass breakage or Equipment Breakdown.

- 3. We will not pay for loss or damage caused by or resulting from any of the following B.3.a. through c. But if an excluded cause of loss that is listed in B.3.a. through c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - a. **Weather Conditions:** This exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
 - b. **Acts or Decisions:** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or
 - c. **Negligent Work:** Faulty, inadequate or defective:
 - 1) Planning, zoning, development, surveying, siting;

- 2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- 3) Materials used in repair, construction, renovation or remodeling; or
- 4) Maintenance

of part or all of any property on or off the premises described in the Declarations.

4. Business Income and Extra Expense Exclusions. We will not pay for:

- a. Any extra expense, or increase of business income loss, caused by or resulting from:

- 1) Delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- 2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your business income during the "period of restoration."

- b. Any other consequential loss.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. The limits applicable to the Customers' Goods on Premises, Fire Department Service Charge, Pollutant Clean Up and Removal, and the Arson Reward Additional Coverages are in addition to the Limits of Insurance.
3. **Building Limit and/or Business Personal Property Limit -- Automatic Increase**
 - a. The Limit of Insurance for Buildings and/or Business Personal Property will automatically increase by the annual percentage shown in the Declarations.

- b. The amount of increase will be:

- 1) The Building limit and/or Business Personal Property limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit and/or Business Personal Property limit times
- 2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 5% is .05), times
- 3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building and/or Business Personal Property limit, divided by 365.

Example:

| | |
|--|-----------|
| If: The applicable Building limit is | \$100,000 |
| The annual percentage increase is | 5% |
| The number of days since the beginning of the policy year (or last policy change) is | 146 |

The amount of increase is

$$\frac{\$100,000 \times .05 \times 146}{365} = \$2,000$$

4. Business Personal Property Limit -- Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

- 1) The 12 months immediately preceding the date the loss or damage occurs; or
- 2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the deductible up to the applicable Limit of Insurance.

Multiple Deductibles. More than one deductible may apply to loss or damage arising out of a single occurrence covered by this Businessowners Special Property Coverage Form. If so, we will not deduct more from the entire amount of loss or damage than the largest deductible applying to the occurrence.

2. No deductible applies to the following:
 - a. Fire Department Service Charge;
 - b. Business Income;
 - c. Extra Expense;
 - d. Arson Reward;
 - e. Inventory and Appraisal;
 - f. Personal Effects;
 - g. Civil Authority; or
 - h. Lock and Key Replacement.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Arbitration

If we and you disagree on any aspect of a claim under the Businessowners Special Property Coverage Form which is not governed by paragraph 3., Appraisal, the following provisions apply:

- a. Either party may make written demand for arbitration of the dispute;
- b. The arbitration will be done through and pursuant to the American Arbitration Association;
- c. There shall be three arbitrators. Each of us will select one from a list of five or more candidates supplied by the other. The third arbitrator, identified as the umpire, will be selected by the two arbitrators from a list of five or more candidates supplied by the American Arbitration Association. If the two arbitrators cannot agree on an umpire, the final decision as to selection of the umpire will be left to the American Arbitration Association;
- d. Any findings of fact, or conclusions of law, which are agreed upon by the umpire and one of the arbitrators will be binding upon us. They may be rejected in writing by you. If you reject the findings you retain all other rights under the Businessowners Special Property Coverage Form, including the right to institute litigation, provided you have otherwise complied with the terms and conditions of the Businessowners Special Property Coverage Form.
- e. Time Limitations in PROPERTY LOSS CONDITIONS paragraph E.4., Duties In The Event Of Loss Or Damage, and paragraph E.5. Legal Action Against Us, will begin from the date of a written arbitration demand until the issuing of any findings, as described above;
- f. In the case of an arbitration demand by us, we will pay all costs and expenses of the proceedings, the umpire's fees and the fees of the other two arbitrators. We will not pay legal fees, or consultant fees, incurred by you except as covered in Section A.7., Additional Coverages or Section A.8., Coverage Extensions;
- g. In the case of an arbitration proceeding demanded by you, we will share the costs and expenses of the proceedings and the fees of the umpire. Each of us will pay the fee of the arbitrator selected by ourselves. Any coverage available under the Businessowners Special Property

Coverage Form, including any endorsement to it will still be available to you.

3. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

4. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- g. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- h. For loss or damage resulting from the OPTIONAL COVERAGE, Employee Dishonesty give us a detailed, sworn proof of loss within 120 days of the date of discovery.
- i. Cooperate with us in the investigation or settlement of the claim.
- j. Resume all or part of your "operations" as quickly as possible.
- k. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or your claim, including an insured's books and records. In such event, your answers must be signed.

5. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and

- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

6. Loss Payment

In the event of loss or damage covered by this policy:

- a. At our option, we will either:

- 1) Pay the value of lost or damaged property;
- 2) Pay the cost of repairing or replacing the lost or damaged property;
- 3) Take all or any part of the property at an agreed or appraised value; or
- 4) Repair, rebuild or replace the property with other property of like kind and quality.

- b. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

- c. We will not pay you more than your financial interest in the covered property.

- d. We will determine the value of covered property as follows:

- 1) At replacement cost (without deduction for depreciation,) except as provided in 1) a) through 7) below.

- a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

- b) We will not pay on a replacement cost basis for any loss or damage:

- i. Until the lost or damaged property is actually repaired or replaced; and

- ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

- c) We will not pay more for loss or damage on a replacement cost basis than the least of:

- i. The cost to replace, on the same premises, the lost or damaged property with other property:

- i) Of comparable material and quality; and

- ii) Used for the same purpose; or

- ii. The cost of replacing electronic data processing equipment with property of similar quality and function, including property of greater processing capability if the same model has become obsolete; or

- iii. The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- 2) If the Actual Cash Value -- Buildings option applies, as shown in the Declarations, paragraph 1) above does not apply to buildings. Instead, we will determine the value of buildings at actual cash value.

- 3) The following property at actual cash value:

- a) Used or second-hand merchandise held in storage or for sale;

- b) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - c) Manuscripts;
 - d) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- 4) Glass at the cost of replacement with safety glazing material.
- 5) Tenant's improvements and betterments at:
- a) Replacement cost if you make repairs promptly.
 - b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - i. Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - ii. Divide the amount determined in i. above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - c) Nothing if others pay for repairs or replacement.
- 6) "Valuable papers and records," at the cost of:
- a) Blank materials for reproducing the records; and
 - b) Labor to transcribe or copy the records.

- 7) Software Programs and Documentation at the cost of:
 - a) Blank media for reproducing the information; and
 - b) Labor to reproduce the information from a duplicate.
- 8) Applicable only to "money" and "securities":
 - a) "Money" at its face value; and
 - b) "Securities" at the value at the close of business on the day the loss is discovered.

The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of covered property:

- a) Distilled spirits;
- b) Wines;
- c) Rectified products; or
- d) Beer.
- e. Our payment for loss of or damage to personal property of others will only be to the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:
 - 1) You have complied with all of the terms of this policy; and

- 2) a) We have reached agreement with you on the amount of loss; or
- b) An appraisal award has been made.

h. For covered property in which both you and a loss payee shown in the Declarations have an insurable interest, we will:

- 1) Adjust losses with you; and
- 2) Pay any claim for loss or damage jointly to you and the loss payee, as interests may appear.

7. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

8. Resumption of Operations

We will reduce the amount of your:

- a. Business income loss, other than extra expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the premises described in the Declarations or elsewhere.
- b. Extra expense loss to the extent you can return "operations" to normal and discontinue such extra expense.

9. Vacancy

a. Description of Terms

- 1) As used in the vacancy condition, the term building and the term vacant have the meanings set forth in 1) a) and 1) b) below:
 - a) When this policy is issued to a tenant, and with respect to that tenant's interest in covered

property, **Building** means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough Business Personal Property to conduct customary "operations."

- b) When this policy is issued to the owner of a building, **Building** means the entire building. Such building is vacant when 70% or more of its total square footage:

- i. Is not rented; or
- ii. Is not used to conduct customary "operations."

- 2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- 1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - a) Vandalism; or
 - b) Sprinkler leakage, unless you have protected the system against freezing;
- 2) With respect to Covered Causes of Loss other than those listed in b.1) a) and b.1) b) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

F. PROPERTY GENERAL CONDITIONS

1. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - 1) Pays any premium due under this policy at our request if you have failed to do so;
 - 2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - 3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - 1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- 2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - 1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

3. No Benefit to Bailee

No person or organization, other than you, having custody of covered property will benefit from this insurance.

4. Policy Period, Coverage Territory

Under this form:

- a. We cover loss or damage commencing:
 - 1) During the policy period shown in the Declarations; and
 - 2) Within the Coverage Territory or, with respect to property in transit, while it is between points in the Coverage Territory.
- b. The Coverage Territory is:
 - 1) The United States of America (including its territories and possessions);
 - 2) Puerto Rico; and
 - 3) Canada.

G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following OPTIONAL COVERAGES also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

1. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property, including "money" and "securities," resulting directly from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - 1) Cause you to sustain loss or damage; and also
 - 2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - a) Any employee; or
 - b) Any other person or organization.
- b. We will not pay for loss or damage:
 - 1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
 - 2) The only proof of which as to its existence or amount is:
 - a) An inventory computation; or
 - b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.

d. All loss or damage:

- 1) Caused by one or more persons; or
- 2) Involving a single act or series of related acts

is considered one occurrence.

- e. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- f. This Optional Coverage does not apply to any employee immediately upon discovery by:

- 1) You; or
- 2) Any of your partners, officers or directors not in collusion with the employee

of any dishonest act committed by that employee before or after being hired by you.

- g. We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.

- h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

- 1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
- 2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- i. The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

- 1) This Optional Coverage as of its effective date; or
- 2) The prior insurance had it remained in effect.

2. Spoilage

- a. We will pay for direct physical loss of or damage to "perishable stock" at the premises described in the Declarations caused by or resulting from:

- 1) Contamination by refrigerant; or
- 2) Temperature or humidity change due to:

- a) On premises:

- i. Mechanical breakdown or failure of refrigerating systems;
- ii. Burning out of electrical motors;
- iii. Blowing of fuses or circuit breakers; or
- iv. Breakdown or malfunction of the equipment or apparatus connecting or controlling refrigerating systems, electric motors or electrical power; or

- b) **Power Outage**, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, off premises, due to conditions beyond your control.

- b. Paragraph A.5., Covered Causes of Loss, and Section B. -- EXCLUSIONS, do not apply to this OPTIONAL COVERAGE, except for:

- 1) Paragraph B.1.a, Earth Movement;

- 2) Paragraph B.1.b., Governmental Action;

- 3) Paragraph B.1.c., Nuclear Hazard;

- 4) Paragraph B.1.e., War and Military Action; and

- 5) Paragraph B.1.f., Water.

- c. We will not pay for spoilage caused by or resulting from:

- 1) The disconnection of any refrigerating, cooling or humidity control system from the source of power;

- 2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;

- 3) The inability of an electrical utility company or other power source to provide sufficient power due to:

- i. Lack of fuel; or

- ii. Governmental order;

- 4) The inability of a power source at the premises described in the Declarations to provide sufficient power due to lack of generating capacity to meet demand; or

- 5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

d. Conditions

Under Section E. -- PROPERTY LOSS CONDITIONS, item d. of Condition 6., Loss Payment, is replaced by the following:

We will determine the value of Covered Property as follows:

- i. For "perishable stock" you have sold but not delivered, at the selling price less discounts and expenses you otherwise would have had;

- ii. For other "perishable stock," at actual cash value.

e. Limit of Insurance

The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for spoilage shown in the Declarations.

f. Coverage Extensions

- 1) We will pay, in addition to the loss, but not to exceed the Limit of Insurance, for reasonable expense incurred to reduce the loss but only to the extent the loss is reduced.
- 2) We will pay, in addition to the loss, for reasonable additional expenses to dispose of "perishable stock" spoiled by a Covered Cause of Loss.

3. Earthquake

- a. The following are added to paragraph A.5., Covered Causes of Loss:

- 1) Earthquake; and
- 2) **Volcanic Eruption**, meaning the eruption, explosion or effusion of a volcano.

- b. All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single earthquake or volcanic eruption. The expiration of this policy will not reduce the 168-hour period.

- c. This Optional Coverage does not apply to loss or damage caused by or resulting from:

- 1) Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an earthquake or volcanic eruption; or
- 2) Any earthquake or volcanic eruption that begins before the inception of this insurance.

But, if this policy replaces earthquake insurance that excludes loss or damage that occurs after the expiration of the policy, we will pay for loss or damage by earthquake or volcanic eruption that occurs on or after the inception of this insurance, if the series of earthquake shocks or volcanic eruptions began within 168 hours prior to the inception of this insurance.

- d. Paragraph B.1.a. -- EXCLUSIONS, Earth Movement, does not apply.

- e. Section D. -- DEDUCTIBLES, is replaced by the following for earthquake and volcanic eruption:

- 1) We will subtract a sum from the amount of loss or damage in any one occurrence:

- a) The sum we subtract from each separate item will be a percentage of its value. The applicable percentage is shown in the Declarations.

- b) This deductible applies separately to the following:

- i. Each building or structure;
- ii. The contents of each building or structure; and
- iii. Personal property in the open.

Example:

| | | |
|-------|--|-----------|
| When: | The value of the Building is | \$200,000 |
| | The value of the Business Personal Property is | \$80,000 |
| | The earthquake Deductible is | 10% |
| | The amount of loss for Building is | \$50,000 |
| | The amount of loss for Business Personal Property is | \$40,000 |

Step (a): \$ 200,000 x 10% = \$20,000
 (Deductible) \$ 80,000 x 10% = \$ 8,000

Step (b): \$50,000 - \$20,000 = \$30,000
 (Payment) \$40,000 - \$8,000 = \$32,000
 \$62,000

The most we will pay is \$62,000.

2) No deductible applies to the following:

- a) Business Income;
- b) Extra Expense; and
- c) Civil Authority.

f. Limit of Insurance

The most we will pay for loss or damage under this OPTIONAL COVERAGE, including Business Income and Extra Expense, is:

- 1) The premises limit shown in the Declarations for any single earthquake or volcanic eruption at any one premises;
- 2) The aggregate limit shown in the Declarations for any one policy year regardless of the number of earthquakes or volcanic eruptions or premises.

These limits are not in addition to, but are included in any other applicable policy limits.

4. Sprinkler Leakage -- Earthquake

- a. The following is added to paragraph A.5., Covered Causes of Loss:

Sprinkler Leakage -- Earthquake, meaning sprinkler leakage loss or damage caused by:

- 1) Earthquake; or
- 2) Volcanic eruption, explosion or effusion.

b. Limit of Insurance

The most we will pay for loss or damage under this OPTIONAL COVERAGE, is the applicable Limit of Insurance shown in the Declarations.

5. Water Damage (Sewers and Drains)

- a. We will pay for loss or damage caused by water which backs up through sewers or drains. EXCLUSION – B.1.f. 3) does not apply.

b. Limit of Insurance

The most we will pay for loss or damage under this OPTIONAL COVERAGE is the applicable Limit of Insurance shown in the Declarations.

H. PROPERTY DEFINITIONS

1. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, registered checks and money orders held for sale to the public.

2. "Operations" means your business activities occurring at the premises described in the Declarations.

3. "Period of Restoration" means the period of time that:

- a. Begins immediately after the time of direct physical loss or damage for Extra Expense Coverage caused by or resulting from any Covered Cause of Loss at the premises described in the Declarations; and

b. Ends on the earlier of:

- 1) The date when the property at the premises described in the Declarations should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- 2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants."

The expiration date of this policy will not cut short the "period of restoration."

4. **"Perishable stock"** means Business Personal Property:

- a. Maintained under controlled conditions for its preservation; and
- b. Susceptible to loss or damage if the controlled conditions change.

5. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

6. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which are not issued by you.

but does not include "money."

7. **"Specified Causes of Loss"** means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; and "water damage."

a. **"Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- 1) The cost of filling sinkholes; or
- 2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- 1) Personal property in the open; or
- 2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. **"Water Damage"** means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump pump system, including its related equipment and parts) containing water or steam.

8. **"Theft"** means any act of stealing, disappearance or destruction.

9. **"Valuable Papers and Records"** means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

BUSINESSOWNERS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section C. -- WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G. -- LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

A. COVERAGES

1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance does not apply. We may at our discretion investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

- 1) The amount we will pay for damages is limited as described in Section D. -- LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE; and
- 2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements of medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under A. 1. e., Coverage Extension -- Supplementary Payments.

- b. This insurance applies:

- 1) To "bodily injury" and "property damage" only if:

- a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
- b) The "bodily injury" or "property damage" occurs during the policy period.

- 2) To:

- a) "Personal injury" caused by an offense arising out of your business;
- b) "Advertising injury" caused by an offense committed in the course of "your advertising activities";

but only if the offense was committed in the "coverage territory" during the policy period.

- c. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury."
- d. "Bodily injury," "property damage," "personal injury" or "advertising injury" arising out of the rendering or failure to render professional health care services as a pharmacist shall be deemed to be caused by an "occurrence."

e. Coverage Extension -- Supplementary Payments

In addition to the Limit of Insurance, we will pay, with respect to any "claim" we investigate or settle or any "suit" against an insured we defend:

- 1) All expenses we incur.
- 2) Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- 3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- 4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$250 a day because of time off from work.
- 5) All costs taxed against the insured in the "suit."
- 6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- 7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.
- 8) All legal expenses for mental anguish, mental injury and emotional distress arising out of Employment-Related Practices as defined in

Exclusion B.1.r. The most we will pay under this Coverage Extension -- Supplementary Payment for any single claim or "suit" is \$5,000.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- 1) On premises you own or rent;
- 2) On ways next to premises you own or rent; or
- 3) Because of your operations

provided that:

- a) The accident takes place in the "coverage territory" and during the policy period;
 - b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:
- 1) First aid administered at the time of an accident;
 - 2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - 3) Necessary ambulance, hospital, professional nursing and funeral services.

B. EXCLUSIONS**1. Applicable to Business Liability Coverage**

This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the stand-point of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- 1) That the insured would have in the absence of the contract or agreement; or
- 2) Assumed in a contract or agreement that is an "insured contract," provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be part of supplementary payments because of "bodily injury" or "property damage," provided:
 - a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- 1) Causing or contributing to the intoxication of any person;
- 2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- 3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers Compensation and Similar Laws

Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- 1) An "employee" of the insured arising out of and in the course of:
 - a) Employment by the insured; or
 - b) Performing duties related to the conduct of the insured's business; or
- 2) The spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph 1) above.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and

- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract."

f. Pollution

- 1) "Bodily injury," "property damage," "personal injury," or "advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time:

- a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
- b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or
- d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations:

- i. If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or

- ii. If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Subparagraph d) i. does not apply to "bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the fuels, lubricants or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor.

Subparagraphs a) and d) i. do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire."

As used in this exclusion, a **Hostile Fire** means one which becomes uncontrollable or breaks out from where it was intended to be.

- 2) Any loss, cost or expense arising out of any:
 - a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or

- b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

However, the exclusion above does not apply to "bodily injury" or damage to personal property of others, including all resulting loss of use of such property, occurring on any premises, site or location which is owned by or rented to any insured, resulting from the sudden and accidental discharge, dispersal, release or escape of pollutants on such premises, site or location.

g. Aircraft, Auto or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading."

This exclusion does not apply to:

- 1) A watercraft while ashore on premises you own or rent;
- 2) A watercraft you do not own that is:
 - a) Less than 26 feet long; and
 - b) Not being used to carry persons or property for a charge;
- 3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

- 4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

- 5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:

- a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- 1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- 2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Professional Services

"Bodily injury," "property damage," "personal injury" or "advertising injury" due to rendering or failure to render any professional service. This includes but is not limited to:

- 1) Legal, accounting or advertising services;
- 2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- 3) Supervisory, inspection or engineering services;
- 4) Medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction;
- 5) Any health or therapeutic service, treatment, advice or instruction;
- 6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- 7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses or similar products or hearing aid devices;
- 8) Body piercing services; and
- 9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail pharmacist or pharmacy.

This insurance does not apply to "bodily injury," "property damage," "personal injury" or "advertising injury" caused by the willful violation of a penal statute or ordinance relating to the sale of pharmaceuticals by or with the knowledge or consent of any insured.

k. Damage to Property

"Property damage" to:

- 1) Property you own, rent or occupy;

- 2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- 3) Property loaned to you;
- 4) Personal property in the care, custody or control of the insured;
- 5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- 6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph 2) of this exclusion does not apply if the "premises" are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 3), 4), 5) and 6) of this exclusion do not apply to liability assumed under a sidetrack agreement. Paragraph 6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

I. Damage to Your Product

"Property damage" to "your product" arising out of it or any part of it.

m. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Damage to Impaired Property or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- 1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

o. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- 1) "Your product";
- 2) "Your work"; or
- 3) "Impaired property"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. Personal or Advertising Injury

"Personal injury" or "advertising injury":

- 1) Arising out of an offense committed by an insured whose business is advertising, broadcasting, publishing, telecasting, or telemarketing. However, this exclusion does not apply to offenses a., b., c. under the definition of "personal injury";

- 2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- 3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- 4) Arising out of the willful violation of a penal statute or ordinance committed by, at the direction of, or with the knowledge or consent of any insured;
- 5) Arising out of breach of contract;
- 6) Arising out of the failure of goods, products or services to conform with advertised quality or performance;
- 7) Arising out of the wrong description of the price of goods, products or services;
- 8) Arising out of the rendering or failure to render any professional service;
- 9) For which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement; or
- 10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time. This exclusion also applies to any loss, cost or expense arising out of any:
 - a) Request, demand or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or

- b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

q. Intellectual Property

"Bodily injury," "property damage," "personal injury" or "advertising injury" arising out of actual or alleged:

- 1) Infringement of:
 - a) Patent;
 - b) Trademark or service mark;
 - c) Copyright, other than copyrighted advertising materials;
 - d) Trade name;
 - e) Trade dress;
 - f) Trade secrets;
 - g) Other intellectual property rights or laws.
- 2) Unfair competition; or
- 3) Antitrust violations.

r. Employment-Related Practices

"Bodily injury," "personal injury," or "advertising injury" to:

- 1) A person arising out of any:
 - a) Refusal to employ that person;

- b) Termination of that person's employment; or

- c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person; or

- 2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal injury" to that person at whom any of the employment-related practices described in paragraphs a), b) or c) above is directed.

This exclusion applies:

- 1) Whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

s. Asbestos

"Bodily injury," "property damage," "advertising injury" or "personal injury" of any nature whatsoever, caused by, arising out of or relating in any way to asbestos or any asbestos containing product or material, or to the use, installation, removal, withdrawal or disposal of any such product or material.

Exclusions c., d., e., f., g., h., i., k., l., m., n. and o. do not apply to damage by fire, lightning, sprinkler leakage or explosion to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in Section D. -- LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE.

2. Applicable to Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured;
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured;
- c. To a person injured on that part of premises you own or rent that the person normally occupies;
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefits law or a similar law;
- e. To a person injured while taking part in athletics;
- f. Included within the "products-completed operations hazard";
- g. Excluded under Business Liability Coverage; or
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

3. Applicable to both Business Liability Coverage and Medical Expenses Coverage -- Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - 1) With respect to which an insured under the policy is also an insured under a Nuclear Energy Liability Policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its Limit of liability; or

- 2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:

- a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
- b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material," if:

- 1) The "nuclear material":

- a) Is at any "nuclear facility" owned by, or operated by or on behalf of an insured; or
- b) Has been discharged or dispersed therefrom;

- 2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

- 3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or

possessions or Canada, this EXCLUSION 3) applies only to "property damage" to such "nuclear facility" and any property there at.

As used in this exclusion:

"By-product Material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Hazardous Properties" include radioactive, toxic or explosive properties;

"Nuclear Facility" means:

- a) Any "nuclear reactor";
- b) Any equipment or device designed or used for:
 - 1) Separating the isotopes of uranium or plutonium;
 - 2) Processing or utilizing "spent fuel"; or
 - 3) Handling, processing or packaging "waste";
- c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste"; and

includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear Material" means "source material," "special nuclear material" or "by-product material";

"Nuclear Reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property Damage" includes all forms of radioactive contamination of property;

"Source Material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Special Nuclear Material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent Fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any "waste" material:

- a) Containing "by-product material" other than the tailings or "wastes" produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
- b) Resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs a) and b) of the definition of "nuclear facility."

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
2. Each of the following is also an insured:
- a. Your "employees," other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, no "employee" is an insured for:
 - 1) "Bodily injury" or "personal injury":
 - a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
 - b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph 1) a) above;
 - c) For which there is any obligation to share damages with or repay someone else who must pay damages of the injury described in paragraphs 1) a) or b); or
 - d) Arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are pharmacists in your retail pharmacist or pharmacy operation, they are insured with respect to their providing or failing to provide professional health care services; or
 - 2) "Property damage" to property:
 - a) Owned, occupied or used by;
 - b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose; by you, any of your "employees," any partner or member (if you are a partnership or joint venture) or any member (if you are a limited liability company).
 - b. Any person (other than your "employee"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - 1) With respect to liability arising out of the maintenance or use of that property; and
 - 2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with

respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any person or organization who leases or rents a portion of your premises to whom or to which you are obligated by virtue of a written contract or agreement is an insured, but only with respect to liability arising out of your ownership, maintenance or repair of that portion of the premises which is not reserved for the exclusive use or occupancy of such person or organization or any other tenant or lessee.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

5. Additional Insureds by Contract, Agreement or Permit

Any person or organization to whom or to which you are obligated by virtue of a written contract, agreement or permit to provide such insurance as afforded by this policy is an insured, but only with respect to liability arising out of:

- a. "Your work" for that insured by you;
- b. Permits issued by state or political subdivisions for operations performed by you; or
- c. Premises you own, rent, occupy or use.

This provision does not apply unless the written contract or agreement has been executed, or the permit has been issued, prior

to the "bodily injury," "property damage," "personal injury" or "advertising injury."

This provision does not apply to any person or organization included as an insured under Additional Insureds -- Vendors.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suit."
2. The most we will pay for the sum of all damages because of all:
 - a. "Bodily injury," "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "Personal injury" and "advertising injury" sustained by any one person or organization

is the Liability and Medical Expenses Limit shown in the Declarations. But the most we will pay for all Medical Expenses because of "bodily injury" sustained by any one person is the Medical Expenses Limit shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner arising out of any one fire, lightning, sprinkler leakage or explosion is the Fire Legal Liability Limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products-completed operations hazard" arising from all "occurrences" during the policy period is the Products-Completed Operations Aggregate Limit shown in the Declarations.

- b. All other injury or damage, including medical expenses, arising from all "occurrences" and offenses during the policy period is the General Aggregate Limit shown in the Declarations.

This General Aggregate Limit applies separately to each of your locations owned by or while rented to you, or temporarily occupied by you with permission of the owner.

Location means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, or right-of-way of a railroad.

This aggregate Limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner arising out of fire, lightning, sprinkler leakage or explosion.

5. Priority Condition

In the event a claim or "suit" is brought against more than one insured, due to "bodily injury," "property damage," "personal injury" or "advertising injury" from the same "occurrence" or offense, we will apply the Limits of Insurance in the following order:

- a. You;
- b. Your "executive officers," directors, stockholders, or "employees"; and
- c. Any other insured in any order that we choose.

The Limits of Insurance of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- 1) How, when and where the "occurrence" or offense took place;
- 2) The names and addresses of any injured persons and witnesses; and
- 3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- 1) Immediately record the specifics of the claim or "suit" and the date received; and
- 2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- 1) Immediately send us copies of any demands, notices, summons or legal paper received in connection with the claim or "suit";
- 2) Authorize us to obtain records and other information;
- 3) Cooperate with us in the investigation or settlement of the claim, or defense against the "suit"; and

- 4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Financial Responsibility Laws

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and Limits of Insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required Limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An **Agreed Settlement** means a settlement and release of

liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

F. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to the liability coverage in this policy, except as provided below.

1. Hired Auto and Non-Owned Auto Liability

- a. Insurance is provided only when indicated in the Declarations.

1) Hired Auto Liability

The insurance provided under this Coverage Form, paragraph A.1., Business Liability, applies to "bodily injury" or "property damage" arising out of the maintenance or use of a hired auto by you or your "employees" in the course of your business.

2) Non-Owned Auto Liability

The insurance provided under this Coverage Form, paragraph A.1., Business Liability, applies to "bodily injury" or "property damage" arising out of the use of any non-owned auto in your business by any person other than you.

- b. For insurance provided by this Optional Coverage only:

- 1) The exclusions, under this Coverage Form, paragraph B.1., Applicable to Business Liability Coverage, other than exclusions a., b., d., f. and i. and the Nuclear Energy Liability Exclusion, are deleted and replaced by the following:

a) "Bodily injury" to:

- i. An "employee" of the insured arising out of and in the course of:
 - i) Employment by the insured; or
 - ii) Performing duties related to the conduct of the insured's business; or
- ii. The spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph 1) above.

This exclusion applies:

- i. Whether the insured may be liable as an employer or in any other capacity; and
- ii. To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- i. Liability assumed by the insured under an "insured contract"; or
- ii. "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any Workers Compensation law.

b) "Property damage" to:

- i. Property owned or being transported by, or rented or loaned to the insured; or
- ii. Property in the care, custody or control of the insured.

- 2) Section C. -- WHO IS AN INSURED in this Coverage Form, C., is replaced by the following:

Each of the following is an insured under this Optional Coverage to the extent set forth below:

- a) You;
- b) Any other person using a hired auto with your permission;
- c) For a non-owned auto, any partner or "executive officer" of yours, but only while such non-owned auto is being used in your business; and
- d) Any other person or organization, but only for their liability because of acts or omissions of an insured under a), b) or c) above.

None of the following is an insured:

- a) Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury," or for any obligation to share damages with or repay someone else who must pay damages because of the injury;

- b) Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;
- c) Any person while employed in or otherwise engaged in duties in connection with an auto business, other than an auto business you operate;
- d) The owner or lessee (of whom you are a sublessee) of a hired auto or the owner of a non-owned auto or any agent or "employee" of any such owner or lessee; or
- e) Any person or organization for the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as a Named Insured in the Declarations.

c. The following additional definitions apply:

- 1) **Auto Business** means the business or occupation of selling, repairing, servicing, storing or parking "autos."
- 2) **Hired Auto** means any "auto" you lease, hire, rent or borrow. This includes those "autos" your "employees," executives, or partners, or members of their households lease, hire, rent or borrow on your behalf.
- 3) **Non-Owned Auto** means any "auto" you do not own, lease, hire, rent or borrow that is used in connection with your business. This includes "autos" owned by your "employees" or partners or members of their households but only while used in your business or your personal affairs.

G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

- 1. **"Advertising Injury"** means injury, other than "bodily injury" or "personal injury," arising solely out of one or more of the following offenses committed in the course of "your advertising activities":
 - a. Misappropriation of advertising ideas;
 - b. Infringement of copyrighted advertising materials;
 - c. Oral or written publication of material that slanders or libels a person or organization or a person's or organization's goods, products or services; or
 - d. Oral or written publication of material that violates a person's right of privacy.
- 2. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment."
- 3. **"Bodily Injury"** means "bodily injury," sickness or disease sustained by a person, including death, shock, mental anguish or mental injury by that person at any time which results as a consequence of the "bodily injury," sickness or disease.
- 4. **"Coverage Territory"** means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - 1) The injury or damage arises out of:
 - a) Goods or products made or sold by you in the territory described in a. above; or

- b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - 2) The insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.
5. **"Employee"** includes a "leased worker." "Employee" does not include a "temporary worker."
6. **"Executive Officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. **"Impaired Property"** means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement
- if such property can be restored to use by:
- 1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - 2) Your fulfilling the terms of the contract or agreement.
8. **"Insured Contract"** means:
- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, sprinkler leakage or explosion to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement; or
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. **Tort Liability** means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph f. does not include that part of any contract or agreement:
- 1) That indemnifies a railroad or organization for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing,
 - 2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.

- 3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in 2) above and supervisory, inspection or engineering services.

9. **"Leased Worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

10. **"Loading or Unloading"** means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto."

11. **"Mobile Equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:

- 1) Power cranes, shovels, loaders, diggers or drills; or

- 2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- 1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

- 2) Cherry pickers and similar devices used to raise or lower workers;

- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- 1) Equipment designed primarily for:

- a) Snow removal;

- b) Road maintenance, but not construction or resurfacing; or

- c) Street cleaning;

- 2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- 3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

12. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

For the purpose of determining the Limits of insurance for professional health care services as a pharmacist, any act or omission together with all related acts or omissions in the furnishing of these services to any one person will be considered one "occurrence."

13. "Personal Injury" means injury, other than "bodily injury" or "advertising injury," arising solely out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person or organization occupies, if committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

14. "Products--Completed Operations Hazard" includes all "bodily injury" and "property damage" arising out of "your product" or "your work".

- a. Except:
 - 1) Products that are still in your physical possession; or
 - 2) Work that has not yet been completed or abandoned.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

b. "Your work" will be deemed completed at the earliest of the following times:

- 1) When all of the work called for in your contract has been completed.
- 2) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- 3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

c. This hazard does not include "bodily injury" or "property damage" arising out of:

- 1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
- 2) The existence of tools, uninstalled equipment or abandoned or unused materials.

15. "Property Damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

16. **"Suit"** means a civil proceeding in which damages because of "bodily injury," "property damage," "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding alleging such damages to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

17. **"Temporary Worker"** means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

18. **"Your Advertising Activities"** means the promotion of your goods, products, services, name or image through printed or electronic media.

19. **"Your Product"** means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - 1) You;
 - 2) Others trading under your name; or
 - 3) A person or organization whose business or assets you have acquired; and

- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

20. **"Your Work"** means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.

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A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.

1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

a) Seasonal unoccupancy; or

b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

2) After damage by a covered cause of loss, permanent repairs to the building:

a) Have not started, and

b) Have not been contracted for,

within 30 days of initial payment of loss.

3) The building has:

a) An outstanding order to vacate;

b) An outstanding demolition order; or

c) Been declared unsafe by governmental authority.

4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

5) Failure to:

a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If the first Named Insured cancels this policy on any date other than the effective date or anniversary date, we will retain at least \$500 as the minimum retained premium.

7. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this policy.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of the policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. LIBERALIZATION

If we adopt any revision that would provide more coverage under this policy without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

H. OTHER INSURANCE

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Businessowners Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.
3. When this insurance is excess, we will have no duty under Businessowners Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so; but we will be entitled to the insured's rights against all those other insurers.

I. PREMIUMS

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Applicable to Businessowners Property Coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment.

That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - 1) Someone insured by this insurance;
 - 2) A business firm:
 - a) Owned or controlled by you; or
 - b) That owns or controls you; or
 - 3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable To Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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MANUSCRIPT FORM

AMENDATORY ENDORSEMENT 1

EARTHQUAKE SPRINKLER LEAKAGE

LOCATION #2- EARTHQUAKE SPRINKLER LEAKAGE
LIMIT - \$63,000

**THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE
POLICY IS WRITTEN.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM
BUSINESSOWNERS LIABILITY COVERAGE FORM**

SCHEDULE OF COVERAGES AND LIMITS ADDRESSED BY THIS ENDORSEMENT

| COVERAGE | LIMIT |
|--|---|
| A. Scientific Instruments or Replicas, Models, Sculptures and Drawings | Included in description of Business Personal Property |
| B. Personal Property of Others | Not limited to legal liability |
| C. Fine Arts | \$50,000 per occurrence; \$25,000 per item |
| D. Laptop Computers and Cell Phones | Coverage applies worldwide |
| E. Business Income As Billable Hours | At Insured's Option |
| F. Business Income Extended Period Of Indemnity | 90 Days |
| G. Utility Services Coverage | Actual Loss Sustained |
| H. Business Income From Dependent Properties | Actual Loss Sustained |
| I. Debris Removal | \$25,000 excess Limit |
| J. Newly Acquired Business Personal Property | \$500,000 for 90 days at each location |
| K. Business Personal Property Off Premises | See Declarations BP 74 43 |
| L. Valuable Papers and Records; Software Programs and Documentation | See Declarations BP 74 43 |
| M. Money and Securities | See Declarations BP 74 43 inside the premises, \$10,000 outside the premises |
| N. Unauthorized Business Card Use | \$5,000 annual aggregate limit |
| O. Accounts Receivable | See Declarations BP 74 43 |
| P. Computer Fraud | \$10,000 \$5,000 specified property (\$1,000 deductible) |
| Q. Extortion | \$10,000 (\$1,000 deductible) |
| R. Employee Dishonesty Employee Dishonesty ERISA | See Declarations BP 74 43 See Declarations BP 74 43 |
| S. Water Damage (Sewers and Drains) | See Declarations BP 74 43 |
| T. Additional Insureds -- By Contract, Agreement or Permit | Included in Businessowners Liability Coverage |
| U. Aggregate Limit Of Insurance (Per Project) | Included in Businessowners Liability Coverage |
| V. Waiver of Subrogation | Included in Businessowners Liability Coverage |

**THE FOLLOWING IS ADDED TO THE
BUSINESSOWNERS SPECIAL PROPERTY
COVERAGE FORM, BP 71 04:**

**A. SCIENTIFIC INSTRUMENTS OR REPLICAS,
MODELS, SCULPTURES AND DRAWINGS**

The following is added to Section A.1.b.,
Business Personal Property:

Scientific instruments, including testing and
surveying equipment; or replicas, models,
sculptures and drawings used in presentations or
in displays.

B. PERSONAL PROPERTY OF OTHERS

1. Item 2) of Section A.1.b., Business Personal
Property, is deleted and replaced by the
following:
 - 2) Property of others that is in your care,
custody or control;
2. Additional Coverage A.7.a., Customers'
Goods On Premises, is deleted.

C. FINE ARTS

Unless separately endorsed onto this policy, this part will provide coverage for "Fine Arts."

1. The following paragraph is added to Section A.1., Covered Property:

- a. "Fine Arts" which are:

- 1) Owned by you; or
 - 2) Owned by others and in your care, custody, or control; and
 - 3) Located at the premises described in the Declarations, or in transit to and from the designated premises, or temporarily at your home for a period up to 60 consecutive days.

2. The following is added to Section C. -- LIMITS OF INSURANCE:

Unless separately endorsed to this coverage, the most we will pay for property under this "Fine Arts" extension is \$50,000 in any single occurrence, and not more than \$25,000 for any one item of "Fine Art."

3. The following are added to Section A.4., Property Not Covered:

- a. "Fine Arts" on exhibition at fair grounds or at any type of exposition, unless such locations are listed and described in the Declarations.
 - b. Property you intend to sell, rent or lease to others.

4. For the purposes of this extension on this coverage, Section B. -- EXCLUSIONS, is amended as follows:

Items 1.d., 2.b., 2.c., 2.g., 2.h., 2.i., and 2.j. 3), and 2.j. 4) do not apply.

5. The following are added to Section B. -- EXCLUSIONS:

- a. Unauthorized instructions to transfer "Fine Arts" to any person or to any place.

- b. "Theft" of "Fine Arts" from any unattended vehicle unless at the time of "theft" its windows, doors, and compartments were closed and locked and there are visible signs that the "theft" was the result of forced entry.

- c. Any repairing, restoring, or retouching process.

6. The following is added to item a. Newly Acquired or Constructed Property of Section A.8., Coverage Extensions:

If during this policy period you acquire additional "Fine Arts" of a type already covered by this coverage, we will cover such property for up to 90 days after you acquire it, or until the expiration of this policy, whichever comes first. The most we will pay in any one loss is the "market value" of such property, but in no event more than \$25,000.

7. Item d) of Section E. -- PROPERTY LOSS CONDITIONS, 6.d. 3) is deleted.

8. The following are added to item 6., Loss Payment, of Section E. -- PROPERTY LOSS CONDITIONS:

- a. "Fine Arts" are valued at the lesser of the cost to repair or replace or the "market value" at the time of loss.

- b. Pairs or sets

In case of loss to any part of a pair or set we may:

- 1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - 2) Pay the difference between the value of the pair or set before and after the loss.

9. The following are added to Section H. -- PROPERTY DEFINITIONS:

"Fine Arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, chinaware, porcelains, glassware, rare glass, bric-a-brac, and similar property of rarity, historical value or artistic merit.

"Market Value" means the price which the property might be expected to realize if offered for sale in a fair market on the date of loss or damage.

D. LAPTOP COMPUTERS AND CELL PHONES

The following is added to item 5) Electronic Data Processing Equipment and Media, of Section A.1.b., Business Personal Property:

Laptop computers and cell phones on a worldwide basis, including while in transit, or temporarily at your home or at a premises you do not own, lease or operate.

E. BUSINESS INCOME AS BILLABLE HOURS

1. At the option of the insured, Section A. -- COVERAGE, item 3.a. 1), Business Income, subparagraph's a) and b) are deleted and replaced with the following:

Business Income means:

- a) The income value of billable hours and other income of the business that would have been earned or incurred if no physical loss or damage had occurred. **Billable Hours** means the monetary value of one hour of service normally charged to a client for work performed by architects or engineers of the insured firm; or stated as a separate charge to a client for direct support personnel of the firm;
 - b) Less expenses that would not continue.
2. The following is added to item 6., Loss Payment of Section E. -- PROPERTY LOSS CONDITIONS:

The amount of business income loss will be determined based on:
 - a. The estimated income value of billable hours and other income of the business if no loss or damage had occurred; and
 - b. Other relevant sources of information, including:
 - 1) Your financial records and accounting procedures;
 - 2) Bills, invoices and other records and vouchers;

- 3) Actual case billings from previous and current cases;
- 4) Deeds, liens and contracts; and
- 5) Any other data that will substantiate the loss of income.

F. BUSINESS INCOME EXTENDED PERIOD OF INDEMNITY

Item ii. of Section A.3.a. 2) b) is deleted and replaced by the following:

- ii. 90 consecutive days after the date determined in a) above.

G. UTILITY SERVICES COVERAGE

Items 2) and 3) of Business Income and Extra Expense Coverage of Section A.3.c., Utility Services Coverage, are changed as follows:

1. Item 2) is deleted.
2. Item 3) is deleted and replaced by the following:

We will only pay for loss you sustain after the first six hours following the direct physical loss or damage to the utility services to which this coverage applies.

H. BUSINESS INCOME FROM DEPENDENT PROPERTIES

Item 6) of Business Income and Extra Expense Coverage of Section A.3.d., Business Income From Dependent Properties, is deleted.

I. DEBRIS REMOVAL

Item 3) of the Additional Coverages of Section A.7.b., Debris Removal, is deleted and replaced by the following:

- 3) But if:
 - a) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b) The debris removal expense exceeds the amount payable under the 25% Debris Removal Coverage Limitation above;

then we will pay up to an additional \$25,000 for each "location" in any one occurrence under this Debris Removal Additional Coverage.

J. NEWLY ACQUIRED BUSINESS PERSONAL PROPERTY

Item 2) of Section A.8.a., Newly Acquired or Constructed Property, is deleted and replaced by the following:

- 2) You may extend the insurance that applies to Business Personal Property to apply to that property at any location you acquire.

The most we will pay for loss or damage under this Extension is \$500,000 at each location.

K. BUSINESS PERSONAL PROPERTY OFF PREMISES

In Coverage Extension 8.b. 2) of Section A. -- COVERAGES, Property Off Premises, the last paragraph is deleted and replaced by the following:

The most we will pay for any loss under this coverage is \$25,000 or the limit indicated in the Declarations, whichever is greater.

L. VALUABLE PAPERS AND RECORDS; SOFTWARE PROGRAMS AND DOCUMENTATION

1. Coverage Extension 8.f. Valuable Papers and Records -- Cost of Research; Software Programs and Documentation -- Cost to Recreate, of Section A. -- COVERAGES, is deleted and replaced by the following:

f. Valuable Papers and Records -- Cost of Research; Software Programs and Documentation -- Cost to Recreate

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, recreate, replace, redevelop or restore the information on lost or damaged "valuable papers and records" and/or Software Programs and Documentation for which duplicates do not exist. The most we will pay under the Coverage Extension is \$100,000 or the limit shown in the Declarations, whichever is greater, at each described premises, while in

transit, or temporarily at your home or at a premises you do not own, lease or operate.

2. For the purposes of this coverage, Section B. -- EXCLUSIONS, is amended as follows:

- a. Item 1.d., Power Failure, does not apply.
b. Items 2.b., 2.c., 2.g., 2.h., 2.i., and 2.j. 3) through 2.j. 6) do not apply.

M. MONEY AND SECURITIES

Item 3) of Section A.8.g., Money and Securities, is deleted and replaced by the following:

- 3) The most we will pay for loss in any one occurrence is:

- a) \$20,000 or the limit indicated in the Declarations, whichever is greater, while:

- i. In or on the premises described in the Schedule on Page 1 of this endorsement; or

- ii. Within a bank or savings institution; and

- b) \$10,000 for "money" and "securities" while anywhere else.

N. UNAUTHORIZED BUSINESS CARD USE

The following is added to Section A.8., Coverage Extensions:

Unauthorized Business Card Use

Loss of "money" resulting directly from "theft," forgery or unauthorized use of credit, debit or charge cards issued in your name, including:

- 1) Fund transfer cards;
2) Charge plates; and
3) Telephone cards.

The most we will pay for all loss under this coverage during each 12 month period of this policy (including any extension of less than one year) is \$5,000.

O. ACCOUNTS RECEIVABLE

The last paragraph of Coverage Extension k., Accounts Receivable of Section A. -- COVERAGES, is deleted and replaced by the following:

The most we will pay for any loss under this coverage is \$100,000 or the limit indicated in the Declarations, whichever is greater.

P. COMPUTER FRAUD

1. The following is added to Section A.8., Coverage Extensions:

- a. **Computer Fraud**

We will pay for loss of, and loss from damage to, "money," "securities," and "property other than money and securities" resulting directly from "computer fraud."

2. **Limit of Insurance**

The most we will pay for loss in any one "occurrence" is \$10,000.

3. **Deductible**

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds \$1,000. We will then pay the amount of loss in excess of the deductible up to the Limit of Insurance indicated in P.2. above.

4. **Additional Condition**

If you have reason to believe that any loss of, or loss from damage to, covered property involves a violation of law, you must notify the police.

5. **Special Limit Of Insurance For Specified Property**

We will only pay up to \$5,000 for any one "occurrence" of loss of, and loss from damage to, manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

6. Definitions Applicable To Computer Fraud Coverage:

- a. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- b. **"Computer Fraud"** means "theft" of property following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises" to a person (other than a "messenger") outside those "premises" or to a place outside those "premises."
- c. **"Messenger"** means you, any of your partners or any employee while having care and custody of the property outside the "premises."
- d. **"Occurrence"** means an:
 - 1) Act or series of related acts involving one or more persons; or
 - 2) Act or event, or a series of related acts or events not involving any person.
- e. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.
- f. **"Property Other Than Money And Securities"** means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in Section A.4., Property Not Covered.
- g. **"Theft"** means any act of stealing.

Q. EXTORTION

1. The following is added to Section A.8., Coverage Extensions:

- a. **Extortion**

We will pay for loss of, and loss from damage to, "money," "securities," and "property other than money and securities" resulting directly from "extortion."

2. Limit of Insurance

The most we will pay for loss in any one "occurrence" is \$10,000.

3. Deductible

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds \$1,000. We will then pay the amount of loss in excess of the deductible up to the Limit of Insurance indicated in Q.2. above.

4. Additional Exclusion

We will not pay for a loss of property surrendered before a reasonable effort has been made to report an extortionist's demand to all of the following:

- a. An associate;
- b. The Federal Bureau of Investigation; and
- c. Law enforcement authorities.

5. Additional Condition

Policy Period: Loss is covered only if the threat to do bodily harm is first communicated to you during the Policy Period.

6. Definitions Applicable To Extortion Coverage:

- a. **"Extortion"** means the surrender of property away from the "premises" as a result of a threat communicated to you or an employee, or to a relative or invitee of either, who is, or allegedly is, being held captive.
- b. **"Occurrence"** means an:
 - 1) Act or series of related acts involving one or more persons; or
 - 2) Act or event, or a series of related acts or events not involving any person.
- c. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.

d. **"Property Other Than Money And Securities"** means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in Section A.4., Property Not Covered.

R. EMPLOYEE DISHONESTY, INCLUDING ERISA**1. Employee Dishonesty**

The Optional Coverage G.1., Employee Dishonesty, is a grant of coverage provided for the limit indicated in the Declarations. The most we will pay for any loss under this coverage is \$75,000 or the limit indicated in the Declarations, whichever is greater.

2. Employee Dishonesty -- ERISA

- a. Employee Dishonesty coverage is extended to provide coverage for loss resulting directly from dishonest acts committed by your employees in connection with any Employee Welfare Benefit Plan or Employee Pension Benefit Plan (hereafter collectively referred to as "Plan") owned, controlled or operated by you. This extension does not, however, provide fiduciary liability insurance to you or your employees in connection with any Plan.
 - b. We include along with you as a Named Insured under the Employee Dishonesty Coverage any Plan owned, controlled, or operated by you that you provide solely for the benefit of your employees. Such Plans are Named Insureds only with respect to this Employee Dishonesty -- ERISA coverage extension.
 - c. The most we will pay for any loss under this Employee Dishonesty -- ERISA coverage extension is \$250,000 or the limit indicated in the Declarations, whichever is greater.
- 3. The word Employee includes any natural person who is:**
- a. A trustee, an officer, an employee, an administrator or a manager, except an administrator or a manager who is an

independent contractor of any Plan insured under this coverage; and

- b. Your director or trustee while that person is handling funds or other property of any Plan insured under this coverage.
4. If any Plan is insured jointly with any other entity under this insurance, you or the Plan administrator must select a Limit of Insurance for the Employee Dishonesty Coverage that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.
 5. If the Insured first named in the Declarations is an entity other than a Plan, any payment we make to that insured for loss sustained by any Plan(s) will be held by that insured for the use and benefit of the Plan(s) sustaining loss.
 6. If two or more Plans are insured under this insurance, any payment we make for loss:
 - a. Sustained by two or more Plans; or
 - b. Of commingled funds or other property of two or more Plans;
 that arises out of one "occurrence" because of dishonest acts of employees is to be shared by each Plan sustaining loss in the proportion that the amount of insurance required bears for each such Plan under ERISA provisions bears to the total of those amounts.
 7. The Deductible provision of the Employee Dishonesty Coverage does not apply to loss sustained by any Plan subject to ERISA which is insured under this policy.

S. WATER DAMAGE (SEWERS AND DRAINS)

The Optional Coverage G.5., Water Damage (Sewers and Drains), is a grant of coverage provided for the limit indicated in the Declarations. The most we will pay for any loss under this coverage is \$25,000 or the limit indicated in the Declarations, whichever is greater.

THE FOLLOWING IS ADDED TO THE BUSINESSOWNERS LIABILITY COVERAGE FORM, BP 71 08:

T. ADDITIONAL INSURED -- BY CONTRACT, AGREEMENT OR PERMIT

Item 5. of Section C. -- WHO IS AN INSURED, is deleted and replaced by the following:

5. Additional Insureds -- By Contract, Agreement Or Permit

Any person or organization to whom or to which you are obligated by virtue of a written contract, agreement or permit to provide such insurance as afforded by this policy is an insured, but only with respect to liability arising out of:

- a. "Your work" for that insured by you;
- b. Permits issued by state or political subdivisions for operations performed by you; or
- c. Premises you own, rent, occupy or use.

This provision does not apply unless the written contract or agreement has been executed, or the permit has been issued, prior to the "bodily injury," "property damage," "personal injury" or "advertising injury."

This provision does not apply to any person or organization included as an insured under Additional Insureds -- Vendors.

This insurance is primary and is not additional to or contributing with any other insurance carried by or for the benefit of Additional Insureds.

U. AGGREGATE LIMIT OF INSURANCE (PER PROJECT)

The following is added at the end of item b) of Section D.4., Aggregate Limits: This General Aggregate Limit applies separately to each of your projects away from premises owned by or rented to you.

V. WAIVER OF SUBROGATION

Item 2., of the Transfer Of Rights Of Recovery Against Others To Us Condition, of the BUSINESSOWNERS COMMON POLICY CONDITIONS, BP 71 10, is deleted and replaced by the following:

2. Applicable to Businessowners Liability Coverage:

- a.** If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. This insurance shall not be invalidated should the Named Insured waive in writing, prior to a loss, any or all rights of recovery against any party for a loss occurring. However, the insured must do nothing after a loss to

impair these rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

- b.** After a loss you may waive your rights against another party in writing, only if, at the time of the loss, that party is one of the following:

A business firm:

- 1)** Owned or controlled by you; or
- 2)** That owns or controls you.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

CALIFORNIA CHANGES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

- A. The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

- B. Paragraph C. **CONCEALMENT, MISREPRESENTATION OR FRAUD** Common Policy Condition is replaced by the following with respect to loss or damage caused by fire:

We do not provide coverage to the insured who, whether before or after a loss, has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This policy;
2. The Covered Property;
3. That insured's interest in the Covered Property; or
4. A claim under this policy.

- C. Paragraph C. **CONCEALMENT, MISREPRESENTATION OR FRAUD** Common Policy Condition is replaced by the following with respect to loss or damage caused by a Covered Cause of Loss other than fire;

This policy is void if any insured, whether before or after a loss, has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This policy;
2. The Covered Property;
3. An insured's interest in the Covered Property; or
4. A claim under this policy.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

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EXTRA EXPENSE -- AMENDED DEFINITION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

Item c) of Section A.3.b. 2), Extra Expense is deleted and replaced by the following:

c) To:

i) Repair or replace any property; or

ii) Research, replace or restore the lost information on damaged "valuable papers and records":

to the extent it reduces the amount of loss that otherwise would have been payable under this coverage or Coverage 3.a., Business Income.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

CALIFORNIA CHANGES -- CANCELLATION AND NONRENEWAL

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CATASTROPHE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
ELECTRONICS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PRODUCTS RECALL COVERAGE PART**

*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days or Less:

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

- 1) Nonpayment of premium; or**
- 2) Discovery of fraud or material misrepresentation by:**
 - a) Any insured or his or her representative in obtaining this insurance; or**
 - b) You or your representative in pursuing a claim under this policy.**

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- 1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.**
- 2) Discovery of fraud or material misrepresentation by:**
 - a) Any insured or his or her representative in obtaining this insurance; or**
 - b) You or your representative in pursuing a claim under this policy.**

3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

6) A determination by the Commissioner of Insurance that the:

a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

b) Continuation of the policy coverage would:

i) Place us in violation of California law or the laws of the state where we are domiciled; or

ii) Threaten our solvency.

7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in

the policy, and to the producer of record, at least:

1) 10 days before the effective date of cancellation if we cancel for a reason listed in paragraph 3.a. 1) or 3.a. 2); or

2) 30 days before the effective date of cancellation if we cancel for any other reason listed in paragraph 3.a.

B. The following provision is added to the Cancellation Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part -- Farm Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

b. We may not cancel this policy solely because the first Named Insured has:

1) Accepted an offer of earthquake coverage; or

2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- 1) Businessowners Policy -- Businessowners Special Property Coverage Form;
- 2) Commercial Property Coverage Part -- Causes Of Loss -- Special Form; or
- 3) Farm Coverage Part -- Farm Property Coverage Form; Covered Causes of Loss -- Special.

- C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. Subject to the provisions of paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but no more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part -- Farm Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below.

- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage. However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- 1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- 2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- 3) We have:

- a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

The Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
 - d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - 1) Businessowners Policy -- Businessowners Special Property Coverage Form;
 - 2) Commercial Property Coverage Part - - Causes Of Loss -- Special Form; or
 - 3) Farm Coverage Part -- Farm Property Coverage Form; Covered Causes Of Loss -- Special.
- 3. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
 - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with paragraph C.1.
 - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
 - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
 - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
 - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

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CALIFORNIA CHANGES -- CANCELLATION AND NONRENEWAL

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CATASTROPHE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
ELECTRONICS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PRODUCTS RECALL COVERAGE PART**

*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days or Less:

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

- 1) Nonpayment of premium; or**
- 2) Discovery of fraud or material misrepresentation by:**
 - a) Any insured or his or her representative in obtaining this insurance; or**
 - b) You or your representative in pursuing a claim under this policy.**

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- 1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.**
- 2) Discovery of fraud or material misrepresentation by:**
 - a) Any insured or his or her representative in obtaining this insurance; or**
 - b) You or your representative in pursuing a claim under this policy.**

3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

6) A determination by the Commissioner of Insurance that the:

a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

b) Continuation of the policy coverage would:

i) Place us in violation of California law or the laws of the state where we are domiciled; or

ii) Threaten our solvency.

7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in

the policy, and to the producer of record, at least:

1) 10 days before the effective date of cancellation if we cancel for a reason listed in paragraph 3.a. 1) or 3.a. 2); or

2) 30 days before the effective date of cancellation if we cancel for any other reason listed in paragraph 3.a.

B. The following provision is added to the Cancellation Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part -- Farm Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

b. We may not cancel this policy solely because the first Named Insured has:

1) Accepted an offer of earthquake coverage; or

2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- 1) Businessowners Policy -- Businessowners Special Property Coverage Form;
- 2) Commercial Property Coverage Part -- Causes Of Loss -- Special Form; or
- 3) Farm Coverage Part -- Farm Property Coverage Form; Covered Causes of Loss -- Special.

- C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. Subject to the provisions of paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but no more than 120 days, before the expiration or anniversary date.

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2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part -- Farm Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below.

- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage. However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- 1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- 2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- 3) We have:

- a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

The Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
 - d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - 1) Businessowners Policy -- Businessowners Special Property Coverage Form;
 - 2) Commercial Property Coverage Part - - Causes Of Loss -- Special Form; or
 - 3) Farm Coverage Part -- Farm Property Coverage Form; Covered Causes Of Loss -- Special.
- 3. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
 - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with paragraph C.1.
 - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
 - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
 - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
 - f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

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COMMON SECTION CHANGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CUSTOMER NUMBER: 7RS 668 450-02

POLICY CHANGE ENDORSEMENT # K-001

EFFECTIVE DATE OF CHANGE: 01/23/03

Policy Period: FROM: 11/20/02 **TO:** 11/20/03

NAMED INSURED

KEITH B. HIGGINS & ASSOCIATES, INC.

DBA: HIGGINS ASSOCIATES

CHANGES

MAILING ADDRESS IS CHANGED TO 1300-B 1ST ST
GILROY

CA 95020

Policy Forms Added or Deleted by this Change:

TOTAL PREMIUM DUE:

TOTAL AMOUNT DUE:

PRODUCER:

PROFESSIONAL PRACTICE INS
BROKERS

10 CALIFORNIA ST

REDWOOD CITY

650-369-5900

CA 94063

PRODUCER CODE: 52-2526

COUNTERSIGNATURE:

DATE:



BUSINESSOWNERS CHANGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY NUMBER: 7RS 668 450-02

POLICY CHANGE ENDORSEMENT # 001

EFFECTIVE DATE OF CHANGE: 01/23/03

COMPANY: AMERICAN MOTORISTS INSURANCE COMPANY

Policy Period: FROM: 11/20/02 **TO:** 11/20/03

Named Insured

KEITH B. HIGGINS & ASSOCIATES, INC.

DBA: HIGGINS ASSOCIATES

CHANGES

NAMED INSURED IS REVISED

ADDRESS IS CHANGED TO:

1300-B 1ST ST

GILROY

CA 95020

THIS ENDORSEMENT'S PRO RATA FACTOR IS 0.825

Policy Forms Added or Deleted by this Change:

TOTAL PREMIUM DUE:

COMPANY - NO CHARGE -

TOTAL AMOUNT DUE:

PRODUCER:

PRODUCER CODE: 52-2526

PROFESSIONAL PRACTICE INS

10 CALIFORNIA ST

BROKERS

REDWOOD CITY

CA 94063

650-369-5900

COUNTERSIGNATURE:

DATE: